No. 30.126

Tuesday January 6-1987

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# **Summit** offer to Moscow renewed

Westell news

The White House yesterday re-newed President Ronald Reagan's invitation to Mr Mikhail Gorbachev, the Soviet leader, to attend a summit meeting in the US this

Mr Larry Speakes, the White House spokesman, said there had been "no direct suggestions from the Soviets that indicate a desire to follow up on their commitment for a summit in the United States in

"The President believes additional meetings can build on the major progress already achieved ... the President's invitation for a US summit remains open." Page 16;

### Afghan peace bid

The Soviet Union stepped up efforts to end the war in Afghanistan by sending Eduard Shevardnadze, Foreign Minister, and Anatoly Dobrynin, International Affairs Secretary, to the capital Kabul for talks.

#### Chad raid reply

France planned no immediate retallation against the Libyan bombing raid in southern Chad on Sunday in an effort to prevent a further intensification of the conflict. Page 3

#### US crash kills 14

The death toll in the 100 mph collision between a passenger train near Baltimore and two freight engines reached 14 with 177 injured.

# Beirut manager held

Four gunmen kidnapped the Lebanese Christian director of a big en-gineering consultancy in Moslem-controlled west Beirut, police said.

#### Kohl under attack

rformance

West German Chancelor Helmnt Kohl's allegation that East Germany was holding 2,000 of its countrymen as political prisoners in concentration camps drew domestic charges that he was comparing East Germans with Nazis. Page 2

## Soviet satellite offer

Soviet Prime Minister Nikolai Page 27 Ryzhkov said Moscow was pre-pared to launch satellites for Third World countries on preferential terms as part of a drive to enter the

### italian wage deal

### Visits suspended

France has suspended official visits to Australia in protest against Canberra's unfriendly attitudes to French policy in the South Pacific.

### Spanish air strike

More than 5,000 passengers were stranded during a 24-hour work stoppage by ground staff of Spain's state domestic airline, which cancelled three-quarters of its flights.

### Sri Lankan 'siege'

The Sri Lankan Government was trying to create a Biafra-like siege in the Jaffna peninsula by stopping fuel supplies there, Major Kittu, regional commander of the Tamil Liberation Tigers, said. Page 3

### 1988 Olympics fear

South Korean officials said they would try to improve relations with China, the Soviet Union and Eastern bloc countries to avoid a communist-led boycott of the 1988 Seoul

### Bird of ill omen

An Argentine man told police he received a death threat by way of a carrier pigeon that had been stolen from his home. Jose Iglesias, 34, said the pigeon came flying home with message in its feet reading: Buddy, I'm going to kill you at any moment. Behave yourself."

# Business summary Wall St stocks

to peaks

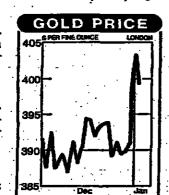
WALL STREET share prices surged to record levels as investors continued to return to the market after of the old year. The Dow Jones in-dustrial average closed at 1,971.32 with the rise of 44.01 points also breaking the record for the largest points gain in a day. Page 34

CAMPRAU, Canadian property developer, is to sell assets in US department stores group Allied Stores, less than a week after it paid at least \$3.4bn for the group in a takeover battle. Page 17

LONDON securities markets had an uncertain start, with gilts giving up some of last week's gains and equities failing to follow Wall Street's rise. The FT Ordinary index added 2.6 to 1,322.80 while the FT-SE 100 index showed a loss of 1.1 to 1,680.0. Long-dated bonds ended about 1½ lower in thin trading. Page 34

TOKYO: Share prices opened lower but rallied to close higher and the Nikkei average rose 119.25 to 18,820.55. Page 34

GOLD fell \$4.00 to \$399.25 on the London bullion market. It rose in Zurich to \$398.70 (\$390.25). Page 26



DOLLAR rose in London to DM 1.9305 (DM 1.9175); to SFr 1.6285 (SFr 1,6090); to Y159.45 (Y158.20); and to FFr 6.3950 (FFr 6.35): On lar's index rose to 1082 from 107.7.

STERLING in New York closed at \$1,4775, It fell in London to \$1,4725 (\$1.4735); it also declined to DM 2.8425 (DM 2.8575); to FFr 9.42 (FFr 9.4650); and to Y234.75 (Y235.75); but was unchanged at SFr 2.3975. The pound's exchange rate index fell 0.7

to 68.8. Page 27 The Italian Government signed a three-year wage deal for civil servants which will yield rises well ahead of expected inflation. Page 2 vertible common shares carrying 10 votes each in a defensive tactic, though the board says it is unaware

of any proposals involving control

of the corporation. Page 17 JOHN FAIRFAX group's intervention in the Australian takeover buttle for the Herald and Weekly Times media giant helped drive the Australian stock exchange's All-Or-dinaries index up 16.2 points to close at 1,503.1, while increasing pressure on Mr Rupert Murdoch to improve his bid for the media group. Details, Page 17; Market Re-

STRMENS. West German electrical and electronics group, is stepping up its assault on the US telecommunications market with a \$165m deal to take control of the main operagroup Telecom Plus International. Page 17

SALOMON BROTHERS topped the list of the most active underwriters in the US corporate debt market for the fourth consecutive year with an estimated \$44.33bn of general and convertible securities. Page 17

COCKERILL-SAMBRE, Belgian state-controlled steel group, faces a possible revision of a BFr 27bn (\$800m) loan, Belgium's Finance Ministry said. Negotiations be-tween major banks involved and the Government are expected to be completed by the middle of next

# US budget proposals set stage for bruising political battle

# Reagan warns on need for sharp cut in deficit

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

#### MAIN POINTS

terday sent to Congress the first Sitrillion (million million) federal budget in US history saying that unless the huge \$220.7bn 1986 bud-• Defence: a 3 per cent rise in real terms to \$312bm; get deficit was "brought under con-trol by limiting spending we put in O Privatisation: at least \$5hn to be raised from the sales of assets jeopardy all we have achieved."

Congressional Democrats are including Amtrak passenger train service, oil fields and radio preparing to launch a political offensive against, Mr Reagan's fiscal policies since he took office. How-

• Farm aid: ents in direct payments and price support loans aimed at saving \$24bn between 1988 and 1992;

\$108bm target mandated by congress under the Gramm-Rudman-there is a call for an end to recent there is a call for an end to recent congressional action to cut defence law. By meeting this target, and by spending.

However, the President's proposal to increase corporate or per-sonal taxes, the Administration hopes to exert maximum political

Mr Reagan's budget sets the stage for a bruising political battle on Capitol Hill as Republicans and Democrats manoeuvre for political advantage in the run-up to the 1988

essure on the newly Democrat-

controlled Congress further to re-

presidential election.

Some of the political themes running through the budget proposals from \$3.6bn this year.

The figure is just below the are familiar. Alongside Mr Rea-\$108bn target mandated by Congan's rejection of increased taxes gan's rejection of increased taxes there is a call for an end to recent

Education: cuts of \$4bn

ledicare pre

ding phasing out of legal aid

Health and welfare: savines of

\$7.2bm in 1988, including cuts in

Medicaid spending and veterans' entitlements and increases in

• Foreign aid: \$1bn increase in aid to allies, including \$100m for

the Nicaraguan Contra rebels.

posed increase of 3 per cent in real terms in defence spending authori-ty to \$312bn is the smallest he has called for since taking office, a response to the political realities now that the Democrats control Capitol Hill and public support for defence spending has weakened

Within the defence budget Mr Reagan is asking Congress to restore cuts made in funding the strategic defence initiative and to increase budget authority to \$5.2bn

The President is also urging Congress to reverse this year's "damag-ing cuts" in the US foreign aid pro-gramme partly so that the US can reduce large arrears in US pay-ments to multilateral development banks" including the World Bank. In spite of the controversy over arms sales to Iran and funding for the Contra rebels in Nicaragna, he also asks for \$105m of financial sup-

port for the rebels. A new theme Mr Reagan is adopting is the importance of new initiatives aimed at improving the ternational competitiveness of

This surfaces partly in the con text of proposed increases in gov-ernment funding for various government-sponsored research proj-

sharp increase in spending on re-search into the Acquired Immune Deficiency Syndrome (Aids) illness In response to political pressure significant increases in spending are also proposed for aviation safe ty and for job training for unem ployed workers.

Continued on Page 16 Details; Reagan undergoes

# Chirac braced for intensified strike action

THE FRENCH Government last night was bracing itself to fend off what it considers to be a major challenge to its anti-inflationary policy stemming from the public gas industry, the docks and the naplanned for today.

At the same time, Mr Jacques Chirac, the Prime Minister, delivered an implicit warning to Presi-dent François Mitterrand not to exceed his powers as laid down by the constitution. Mr Mitterrand last week received a delegation of striking railworkers – a move which was taken by the Government as lending support to the strike. Severe disruption is expected on

way) today after three of the major unions walked out of fresh negotiations with the management over pay and conditions. But the French railways (SNCF) claimed a continuing return to work among striking train drivers, with 30 per cent back at work compared with 10 per cent

last Wednesday. The Paris urban transit system (RATP) declined to improve on its pay offer of a 2.9 per cent increase this year. The management's refusal to yield more reflects the tough line on public sector salaries being taken by Mr Chirac, who has limited increases to 3 per cent.

has called for strikes or demonstrations throughout the public sector today - including the electricity and val shipyards. Mr Chirac's hope is that if he can ride out this challenge his Government will emerge streng-

thened from the test.

The Prime Minister has called all his ministers to a meeting this morning to discuss the strike. He is due to brondcast to the nation this

Some of Mr Chirac's supporters are pressing for a wider attack against the President who, they Severe disruption is expected on argue, is acting more like the leader the Paris Metro (underground rail-of the Socialist party than a head of

The SNCF claimed that 40 per cent of mainline services were op-erating normally yesterday on the 19th day of the train strike. High-speed (TGV) trains were running 85 per cent normally, it said. The condue in part to riot police preventing

drivers blocking rail traffic Reflecting this improved outlook pressure on the franc eased marginally yesterday, helping the French currency to rise from its record low of FFr 3.3120 last Friday, to FFr 3.3075 at yesterday's fixing. Background, Page 2

# Challenge for Democratic Party

BY OUR US EDITOR IN WASHINGTON

the next two years that it can use has enjoyed since 1983.
the control of both the Senate and Even Mr Reagan's defeace spend-

PRESIDENT Ronald Reagan yes

ever, the President insisted that the deficit outlook was already taking a

He said: "The 1987 deficit is esti-

mated to be about \$48bn less than in 1986 and should decline to less

than 4 per cent of gross national

In the fiscal year 1988 budget

which Mr Reagan released yester-day he proposed that federal gov-ernment spending should rise from

an estimated \$989.8bn this year to

However, through a combination

of cuts in Government spending -

which would hit in particular farm-

ers, the aged and the poor who ben-efit from federal medical services -

and measures to raise new reve-

mues, the White House projects that

the federal budget deficit will be cut

to \$107.8bn in the President's last

turn for the better.

product.

\$1.015.6bn.

cit in fiscal year 1988, Moreover it does so in ways

mists are expecting. There are, seriously.

however, widespread fears that conIn the past years of the Reagan tinued US dependence on foreign presidency, the Democratic Party \$108bn target for 1988 set by the

PRESIDENT Ronald Reagan yes-capital for this growth means that has enjoyed the luxury of being Gramm-Rudman-Hollings budget terday presented the Democratic the risks are increasing of an able to take something of a back reform law which called for annual Party with a major challenge to its abrupt and painful end to the long seat in the early stages of the bud-budget reductions aimed at elimi-declared objective of proving over economic upswing that Mr Reagan get debate. With the Senate in Renating the deficit in 1991.

the House of Representatives to ing request, a real rise of 3 per cent the White House and the Republi-demonstrate its ability to govern in budget authority, does not prethe country.

The White House budget proposal the easy political target which the meets the ambitious \$108hn target White House has provided in past for reducing the federal budget defiyears with its bloated military spending proposals. Many influential Democrats,

counting gimmickry which has newly installed chairman of the come to characterise US budgeting. Armed Services Committee, may are not so unrealistic that the not want to see a third successive on the President's plan and ignore tions. Were the Democrats to turn again to the Pentagon in search of The economic assumptions, promajor spending cuts they would be ing. jecting real growth year on year of vulnerable in the presidential election year of 1988, to Republican clear per cent in 1988 are not far out of charges that they do not take the line with what many private econo-country's national security interests

publican hands, budget making has been primarily the responsibility of cans. Now that the Democrats have added control of the Senate to their

dent's plan. "The spotlight is going to move." chairman of the House Budget us to come up with solutions. We now have the challenge of govern-

In his budget. Mr Reagan makes clear that the options the Demo-erats face are not attractive. The Federal budget deficit in 1987 will be \$173.2bn, some \$85bn above the

Past cuts, in particular the slow plus favourable economic s tions will tend to reduce the 1988 deficit to around \$150bn if no action control of the House they are being is taken. The Administration proforced to take the initiative in prejects the fall in interest rates will senting an alternative to the Presistabilise the Federal Government's interest bill at around \$140bn over the next four years.

\$108bn target partly by launching an attack on major legally estabare not so unrealistic that the not want to see a third successive enough for the Democratic leaders can pour scorn year of declining defence authorisa up and complain. It is important for cluding farm subsidies, medical and vate sector subsidies designed to cut spending by \$18.7bn in 1988 and \$49bn in 1991

On the other side of the balance sheet, privatisation proposals in-cluding the sale of the Governmentowned Amirak railway system and increased user fees, including fees

# Peking Daily becomes focus of protests

BY ROBERT THOMSON IN PEKING

THE Peking Daily, the voice of the hundred Chinese students threw it and other Communist Party newspapers and magazines on a bonfire

In a generally good-humoured protest, Peking University students suggested that the paper "go to are not socialists, and said the press student democracy movement, which has been presented to the Chinese public as a childish group naively inspired by either Taiwanese backed spies or petty crimi-

Copies of the People's Daily, the main Communist Party organ, and Red Flag, the party's theoretical journal, were also set alight, but the students' main target was the Pek-ing Daily, which has been the "tongue of the leftists," according to

"Leftists" in China are blamed for city's government, went up in a co-the chaos of the Cultural Revolu-tion, and the present Government is sometimes said to be run by "rightists."

papers and magazines on a bonfire Students standing around the fuelled by grain alcohol and encou-flames, which warmed them in the raged by chants of burn, burn, sub-zero cold, were angry about the media presenting them as being op-posed to the Chinese leader, Deng Xiaoping, denied claims that they them and the Chinese people.

Diplomats suggest that the tough tone of the Peking Daily could reflect a split between the central and city governments over the handling of the student protests or show that conservative Communist Party offi-cials have a stronger grip on the pa-

Peking authorities were apparently infuriated when students detained at a demonstration last week

Continued on Page 16

# Bundesbank steps in to support dollar

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN LONDON

terday as it threatened to resume economy. last week's slide against other major currencies.

The central bank's move was een as a signal that West Germany is seeking stability on foreign ex-might provide an anchor for such change markets before its general election later this month. The dollar's weakness has caused severe strains in the European Monetary System (EMS) which have been ex-dollar's slide, he sees little scope for acerbated by industrial unrest in an early cut in West Germany's dis-

rencies after the West German elec-tion involving, perhaps a revalua-tion of the D-Mark and devalua-tions of currencies such as the French franc, lira and Danish dollar's fall threatened to get out of

There are also suggestions that once the elections are over West Germany may respond to US overtures for an agreement to bolster international economic co-opera-tion. That could involve the US agreeing to at least a pause in the down from 69.5 on Friday while dollar's decline in return for a West against the dollar the pound lost

bervened to support the dollar yes- the momentum of growth in its

elected, some European officials be-lieve that the unveiling of its tax strategy for the next few years Mr Karl Otto Pohl, the Bundes-

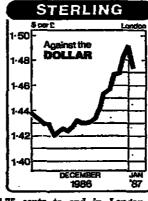
European monetary officials an-Yesterday's dollar purchases by ticipate a realignment of EMS curthe West German central bank

bank president, has indicated that

while he is concerned to arrest the

The dollar closed in London at DM 19305, up from DM 19175 on Friday. Sterling lost ground against both the dollar and against continental European currencies.

The sterling index closed at 68.8 down from 69.5 on Friday while

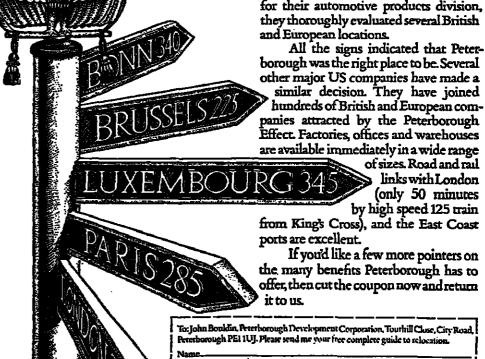


1.75 cents to end in London at \$1.4730. A weekend opinion poll showing a reduced Conservative Party contributed to the pound's

that Britain's foreign excha serves rose by an underlying \$96m in December to stand at \$21.95m. Although the reserves were affected by a whole range of official transac tions, it is thought that the main boost came from dollar purchases by the Bank of England.

The Bank has taken advantage of recent periods of sterling strength to replenish the reserves after be ing forced to spend around 51bm to defend the currency in the late summer and early autumn.

# Continued on Page 16 OGIES WANTED A NEW EUROPEAN BASE. WON BY MILES



United Technologies is one of the world's biggest industrial corporations. When they wanted to set up a new plant for their automotive products division, they thoroughly evaluated several British and European locations.

borough was the right place to be. Several other major US companies have made a similar decision. They have joined hundreds of British and European companies attracted by the Peterborough Effect. Factories, offices and warehouses are available immediately in a wide range of sizes. Road and rail RG 345 links with London (only 50 minutes

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France: train drivers stand Editorial comment: South Quebec: language tensions Soviet Union: local issues Cuba: British business finds Computers: City of London tempting prospects . . . . . 4 moves beyond the crisis . 15 Siemens' Lex: Mercantile House; First boost for venture capital . 10 National Finance; Drexel 16 Technology: greater security Soviet Union: filling the gap

# French rail drivers stand firm for their rights

IN THE drivers' depot at the Gare du Nord in Paris yesterday there was no doubt that the 19-day train strike was now heading towards a climax. "We've reached the turning point," said Jean-Claude, 42, a striking driver on the northern suburban network of Paris. "We will either win through or the strike will collapse. It won't go beyond this week." won't go beyond this week."
Only four of the 240 drivers at the depot had reported for work yesterday—showing that the strike is still massively supported in one of Paris's mainline stations. Outside riot police patrolled the tracks to allow managerial staff to operate a limited service.

For the first time since the strike began, the riot police yesterday were carrying helmest and truncheons—as if to reinforce the Government's

to reinforce the Government's to reinforce the Government's determination to get the railways working now that the holiday period is over. The riot police also chased the drivers from the track—thus abandoning the cautionary methods they adopted at the beginning of the srike to free blocked lines.

Jean-Claude (he declines to give his surname) has been working on the French railways (SNCF) for 20 years, 10 of those as a driver. He is not a union member, having left the Communist CGT after two years in 1968 because he found it too

He says the strike has cost him so far FFr 5,000-6,000 (£528-634) in lost pay, or close to three-quarters of his monthly wages, and is beginning to jeopardise his credit payments and summer holiday plans. But he claims that his wife and two

after retreating over the French rail history, but was students' strike. He sees Mr buried under the broader conclude Chirac as wanting to take a flicts of that year. Jean Claude Doufflagues, the junior transport working the take in the take in the trace in the next 10 years.

Their fears were aroused in Drivers talked among themselves about the new proposals looks like this confrontation.



Striking railway workers form a chain to block trains in Marseille

French unions have been no exception to the European picture of declining strength during a period of recession and rising unemploy-ment, writes David Housego.

Their weakness has been shown during the present strike in which the pace has been set by the rank and file rather than the traditional leadership.

It is largely in the hope of regaining the initiative that the Communist-led Confederation Generale du Travail (CGT) has launched its call to broaden the conflict across the public sector. The CGT's membership has stipped from an estimated 2.5m in 1975 to about 1.1m.

for the other unions which do not wish to see the strike turned into a political conflict. The pro-Socialist Confederation Française Democratique du Travail (CFDT) with a membership of 687,000 and which has also supported the rail drivers, has pleaded with the Gevernment to reopen negotiations. The CFDT has lost ground in recent years because of its associations with the Socialists at a time

The centrist Force Ouvriere union (with an estimated 1.1m members) is the only union to have increased its strength in recent years because of its apolitical character and its focus on traditional union claims. It is the major ublic employee union but has stayed out of

The Communication of the massenger plat
The Communication

The Commu He never imagined that the conflict would last so long. "We thought it would be over hesitate to express his fears that quickly," he says, "with the management backing down over management backing down over merit-related pay the new merit-related pay in the conflict would drivers room at the crowded drivers room ing to saturage the drivers militancy is a growing fear that Mr Chirac's Government is bent on clawing back some of the advantages the drivers have won structure. Jean-Claude says that the snow merit-related pay structure. Jean-Claude says that the crowded drivers' room ing to saturage the drivers' militancy is a growing fear that Mr Chirac's Government is bent on clawing back some of the advantages the drivers have won the definition of merit." the new merit-related pay public sector will damage the vantages the drivers have won structure and some concession over working conditions."

He blames the deadlock on the relating our problems will be drowned in other claims," as happened the political difficulties of Mr Jacques Chirac, the Prime Minister, who feels that he cannot be considered with the three-week drivers' strike in the three-week drivers' strike in the phase out freight traffic over the page and his colleagues assert that the Government would like to phase out freight traffic over the page out freight traffic over the page to the adverse the drivers have won over the years and on reducing our problems will be drowned jobs through cuts in the Claude and his colleagues assert that the Government would like to phase out freight traffic over

the definition of "merit" they got from officials was a readi-ness to accept "a modified working day"—in other words to accept more flexibility over working on Sundays or during

no other depois. In November a petition over the new structure and working conditions was signed by 75 per cent of drivers. The drivers wanted their official working day to end earlier and ore Sundays off. Strike action began to be

planned on a non-union basis. Jean-Claude says that union-backed claims "never achieve anything" because the unions negotiate across the board for all employees with the SNCF management. The drivers had their own particular demands. On top of that "we are a power within the railways. If the drivers stop work the trains don't go. That's it," he says. He maintains that the CGT was against the strike the drivers finally launched on December 18, warning them that it was inopportune before

the holidays

They eventually got the
official backing of the proSocialist CFDT union—unions are required by French law to serve advanced notice of a

Jean-Claude maintains that

pay issues were not part of the drivers' grievances. He is uncerdrivers' grievances. He is uncertain himself of the details of the 3.08 per cent pay award that the SNCF announced at the end of December — and which, reflected across the public sector, is one of the points at the centre of the CGT's strike action today.

But the drivers' recomment But the drivers' resentment has undoubtedly been fuelled by recent reductions in the numerous bonuses that account for about a third of their pay

and which are at the root of widespread charges that they are a privileged minority. Jean-Claude, for instance, calculates that he received FFr 9,500 in November 1986 as opposed to FFr 10,400 in November 1983. In addition, he has had to pay higher social security contributions. On the noticeboard in the depot in the Gare du Nord is a poster which spells out the drivers' motto in the strike "firm, hard, calm." The Gare du Nord has been tougher than most other depots with fewer trains operating from it yesterday than any other Paris station. It remains to be seen

whether they are tough enough to win through what looks like this week's decisive

Bulgarian reform

Bulgaria has launched Soviet style referm of its economy which the Prime Minister, Mr Georgi Atanasov, said would lead to a "radical" said would restructuring and a wide degree of company self-management, writes Leslie Colitt in Berlin.

The Leander may be tougher

#### Soviet leaders step **Foreign** investment up efforts to end booms in war in Afghanistan **Ireland**

BY PATRICK COCKBURN IN MOSCOW By Hugh Carnegy in Dublin THE Soviet Union yesterday

Ireland's Industrial Development Authority attracted about 100 new foreign invest-ment projects in 1986 which will lead to 15,700 new jobs, a 20 per cent improvement on 1985.

Mr Padraic White, managing director of the IDA, said yesterday that last year had proved one of the best since 1981 for the authority despite the background of a depress the background of a depressed domestic ecomony and increased competition for inward investment from other European countries.

The IDA negotiated more than 1£550m (£522m) in planned new investment over the countries over the countries of the co

the year, mere than a third to be contributed by the authority itself, up from 16417m in 1985.

If417m in 1985.

Major newcomers included the first Triwanese company to invest in Ireland — the consumer electronics manufacturer Tatung — and the first from South Korea.

Sachan Media Corporation, the world's largest manufacturer of video-cassottes, is to build a 1560m videotage operation in Sligo, north-west Ireland, said by the IDA to be the biggest Kerean investment in Europe.

ment in Europe.

This year the authority.

which has traditionally relied
on the US for the bulk of inward investment, is to step up its efforts to attract invest-ment from the Far East, ment from the Far East, establishing an office in Scoul and sending six extra staff to

Tokyo.

It is looking to attract 35

It is looking to attract 35 Japanese companies to Ireland over a four year period, in particular in the automotive

and acrospace components industry, pharmaceuticals and computer software, On the home front, there as an encouraging 1542m new investment in small businesses in 1986, including 450 start-ups where development of international services such as computer software was especially strong.

was especially strong.

Investment in mature domestic industry of ISI10m was disappointing, the IDA said, leading to fewer new jobs than in the small husiness sector.

In one policy change affecting major grantaided projects, Hr White said the IDA was introducing a system of stacing grant payments ac-

staging grant payments ac-cording to performance, re-the old "clawback" system of seeking refunds from falled

# Mr Najibullah appealed for

stepped up attempts for a breakthrough in ending the Afghanistan war by sending Mr Eduard Shevardnadze, the Foreign Minister, and Mr Anatoly Dobrynin, the Communist Party secretary for international affairs to Kabul for talks just before the start of the Afghan Government's unilsteral ceasefire.

Mr Najibullah appealed for national reconciliation saying the did not exclude "the leaders for armed formations operating abroad." He offered rebels a role in the Government, and Islam was the official religion of Afghanistan but it is not clear that the Afghan Communist Party is prepared to share real power. of the Afghan Government of the Visit by the two most senior Soviet foreign policy makers so soon after Mr Magnasised that it wants has emphasised that it wants has emphasised that it wants has emphasised that outside always insised that "outside announced a six month cease fire from January 15 indicates that Moscow is mounting a th

the deadlock in Afghanistan.

Tass, the Soviet news agency, said that Mr Shevardnadze and Mr Dobrynin met Mr Najibullah for talks at Kabul airport but

The guerrillas have rejected a ceasefire until Soviet troops withdraw and have also refused to recognise the Kabul Govern-

for talks at Kabul airport but gave no details.

The Afghan Government, which is backed by about 115,000 Soviet troops in its seven-year war with anti-communist guerrillas, announced on January 1 that it was declaring a ceasefire for six months from January 15.

A tributation withdraw and have also refused to recognise the Kabul Government.

Talks sponsored by the UN about the Afghanistan problem are to start in Geneva on February 11 and the Kabul offer will increase pressure on Pakistan.

# Italian civil servants win pay rises above inflation

BY JOHN WYLES IN ROME

last night was due to sign a power and no more pace-setting three year wage. The first two ins

The agreement is being hailed by the unions as a significant victory for their negotiating tactics which had culminated in a one-day strike threat throughout the public sector on January 9. They have now withdrawn this in the

Since the Government chose to reach the deal on new year's eve, the suspicion is that ministers are hoping not to attract too much attention among a public which generally regards civil servants as underemployed and scandalously inefficient. By January I, 1988, monthly wages will have been raised by an average of L114,400 (£58) payable in three instalments.

able in three instalments.

The increases for the two most populous pay grades work out at around 7.5 per cent for moving towards some sort of 1986, 8 per cent from 1987 and 7.5 per cent from 1988 This

THE ITALIAN Government maintain workers' purchasing The first two instalments of pace-setting three year wage deal for civil service workers the pay rise, covering 65 per which will yield pay rises subtentially ahead of expected inflation.

The first two instantes of the next two instantes of the pay rise, covering 65 per which will yield pay rises subtentially ahead of expected inflation. was due for renewal from last January but negotiations never took place because of con-tinuing wrangling between Government and unions over

the scala mobile wage indexation system.

But the basic rate increase in expectation that similar terms expect of 1980 is bring personal will be conceded to local authority and health service dating—obviously at some saving to the public exchequer. Since most Italians do not return to work from the Christmas holidays until Wed-

nesday, it was impossible yesterday to gauge the possible impact of the pay deal on the still-unresolved private sector negotiations. Two of the most important groups, engineering and textile workers, are due to resume talks at the end of this week.

7.5 per cent from 1988. This average rises of around L100,000 flation rate in 1986 of 6 per tion in the working year. cent, and forecasted inflation for this year of 4 per cent and slightly lower in 1988. At the start of the pay round, the new contract of 30-60 per cent Government said it intended to for the highest grades.

# Terrorist attacks decline to lowest level for years

BY OUR ROME CORRESPONDENT

ITALY SUFFERED fewer terrorist attacks last year than in any of the past 17 years, and the neo-Fasciss who carried they cost only one life, according to the Interior Ministry's annual report.

The steady decline is undoubtedly adding to Italy's sense of well-being. The report partly attributes the success to the country's ability to deploy effective modern methods against terrorist organisations. lives. Now, however, Italians are starting to believe that tereffective modern methods against terrorist organisations.

The authorities recorded 30 are starting to believe that terrorist attacks last year, one of which claimed the life of a former mayor of Florence. Responsibility was claimed by the Red Brigades, scourge of Italian society in the 1970s.

That were modern methods lives. Now, however, Italians are starting to believe that tervision is no longer a constant danger. Nevertheless, they are also aware of the need for permanent vigilance, not least because of the repeated threats of violence against Italian targets being issued by various talian society in the 1970s. gets being issued by various They were partly responsible Lebanese groups,

# Moscow visit for British Foreign Office minister

MR TIM RENTON, junior minister at the British Foreign Office, will pay an official visit to the Soviet Union from January 13 to 18 for talks on East-West relations, arms control and Afghanistan, as well as a number of bilateral problems.

Mr Bentonia problems.

Mr Bentonia problems.

Mr Renton's visit, the first by a British minister to the Soviet Union since July 1985, is seen by officials as part of the preparations for the planned official visit to Moscow by Mrs Margaret Thatcher, the Prime Minister, at the end of March. Minister, at the end of March.

Mr Renton, who will be the guest of Mr. Anatoly Kovaley Soviet Deputy Foreign Minister, is expected to focus on prospects for both nuclear and conventional arms control in the aftermath of last October's abortive Reykjavik summit between President Reagan of the US and Mr Mikhail Gorbachev, the Soviet leader.

Britain has led Washington.

Britain has led Washington's Britain has led Washington's European allies in persuading the US to refine its post-Reykjavik nuclear arms negotiating stance to take account of European interests.

The official stance of the Nato allies, adopted at a meeting of the alliance's foreign ministers in Brussels last month, is still

**FINANCIAL TIMES** PINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frenkfurt Brench, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, P. Barkw, R.A.F. McClean, G.T.S. Dumer, M.C. Gorman, D.E.P. Palmer, London-Printer: Frankfurter-Societius-Druckeret-GmbH, Frankfurt/Main. Responsible editor: R. A. Harper, Frankfurt/Main. Guiolietstrasse 54, 6000 Frankfurt am Main 1. C The Financial Times Ltd, 1986.

FINANCIAL TIMES, USPS No.

However, the West has made it clear that it will accept only a 50 per cent reduction of strategic nuclear missiles over a period of five years and is not prepared, for the moment, to negotiate a total abolition of these warping over 10 years, as

these weapons over 10 years, as Moscow has proposed.

The Financial Times Ltd. 1986. No. 1986. ITMES, USPS No. 198640, published daily except Sundays and holidays. U.S. subscription rates \$365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 68th Street, New York, N.Y. 19922.

# Sweden to

aid by 11%

increase

THE SWEDISH Covernment plans to increase its foreign aid budget by 11 per cent in 1987-1988, with larger increases earmarked for the southern African National Congress.

The budget proposals come in the wake of criticism from Mr Bengt Westerberg, leader of the Liberal Party, over the continuing reluctance of the Prime Minister, Mr Ingvar Carlsson, to impose a trade boycott against South Africa.

The Government plans to give a total of SKr 9.8bn (£980m) in foreign aid in the year to June 30 1988, an increase of 11 per cent on the 1986-87 budget of SKr 8.8bn.

The aid budget amounts to 1 per cent of Sweden's GNP. About SKr 5bn is proposed as direct aid to developing countries, the ANC and Southern
African front line states, with
Tanzania, India, Vietnam and
Mozambique as the chief beneficiaries, receiving SKr 300mSKr 500m asch SKr 500m each.

The Southern African Deve-lopment Co-ordination Con-ference (SADCC), representing the front line states, will receive SKr 250m, compared with SKr 200m in 1986-87,
The ANC stands to receive SKr 57m, compared with SKr 45m in 1986-87.

early 1970s.
Part of the foreign currency book loss for 1986 can be covered by the balance-sheet position. "foreign-exchange valuation adjustment." However, this had already been reduced from over SFr 5.1bn to some SFr 1.56bn for 1985.
The remaining SFr 2.1bn will be allowed for in the central bank's profit-and-loss account and covered by the freeing of

and covered by the freeing of a large part of the provisions for foreign-exchange risks. These had amounted to some SFr 2.65bn at the end of 1985.

# French ports re-open as seamen end strike

BY GEORGE GRAHAM IN PARIS

FRENCH SEAMEN began to code would not take place permit them to hire up to 75 per December 22 to acquire the return to work yesterday after before 1988.

cent of their crew outside Kerguelen registration but the accord reached with the Government at the weekend.

In addition, Mr Guellec France and would thus reduce freeze all subsequent applications their labour costs. ernment at the weekend.

That agreement, signed by for ships wanting to register trade unions and by Mr under the flag of the Kerguelen Ambroise Guellec, Secretary of islands, a French dependency State for the Sea, brought an end to a 28-day strike which had paralysed many French known for the giant seaweed

ports and halted ferries between which wraps their coastline and under the Terres Australes et enced with tug services.

The Government made concessions on social security coverage for sailors who are sick or injured during work actions and promised that the revision of the maritime labour which has brought many a Autarctiques Francaises or Although Sealink car ferry Kerguelen registration, and seamen had voted to return to work, striking railwaymen security coverage for sailors who are sick or injured during work actions allow up to 30 French bulk carriers to register under the Terres Australes et enced with tug services. Although Sealink car ferry Kerguelen registration, and seamen had voted to return to work, striking railwaymen generated with tug services. The carriers are enced with tug services. The carriers and the mainland which has brought many a Autarctiques Francaises or Although Sealink car ferry to work, striking railwaymen greet with tug services. The carriers and the mainland which has brought many a Autarctiques Francaises or Although Sealink car ferry to work, striking railwaymen greet with tug services.

The Government made concessions on social security coverage for sailors who are sick or injured during work actions and promised that the carriers to register under the Terres Australes et enced with tug services.

The Government made concessions or Although Sealink car ferry to work, striking railwaymen greet with tug services.

The Government made concessions on social security coverage for sailors who are sick or injured during work actions and the mainland which has brought many a Autarctiques Francaises or Although Sealink car ferry to work at the concessions of the mainland which has brought many a Autarctiques Francaises or Although Sealink car ferry to work at the concessions of the mainland which has brought many a Autarctiques Francaises or Although Sealink car ferry to work at the concessions of the mainland which has brought many and the concessions of the mainland which has brough

daily labour cost of a 280,000-tonne ship with an all-French crew at \$5,300-\$5,400 a day, compared with \$3,200 a day difficulties were being experi-

The French national ship the independent judicial institu-owners' council estimates the tion, has decided on the

# Bonn's Finance Minister is facing a major political challenge, writes Peter Bruce Tax cut promises haunt Stoltenberg DM 19bn cut will not make a DM 10bn out of Bonn's subsidy noticeable difference to most basket as part financing. West Germans whether the So far, state subsidies have

AS IT turns out, Mr Gerhard
Stoltenberg, West Germany's
Finance Minister, need never
have promised a DM 40bn
(£14bn) tax reform in order to
win this month's general election. The ruling casilities to win this month's general election. The ruling coalition to which he belongs appears to be coasting to victory against weak and divided opponents.

But he did make the promise and, as luck would have it, President Ronald Reagan signed into law a sweeping revision of the US tax system soon afterwards. Before Mr Stoltenberg had time to think, an almost frenzied (for West Germany) tax debate had sprung up around him.

Where he had begun by talk-



west Germans whether the second phase is introduced this year or next. That makes it all despite its earnest promises at the more urgent, politically, the start to cut them. If, as it at the promised "grand reform" for the nineties works. The plan, insofar as it exists years, industry's demands for in any concrete form, is to radically reform, or streamline, But about half of West German taxes, to abandon where tax paid would be in direct proportion to income, and to offer real cuts of what towards simplifying the entire plus X."

So far, state subsidies have grown under this Government, despite its earnest promises at its now being forecast, economic growth slows in the next few more aid will inevitably grow. But about half of West German subsidies are tax breaks and the finance Ministry is concentrating on these, arguing that their removal will also go a long way towards simplifying the entire system.

# Swiss bank Makes currency holdings loss by john Wide in Zwick The December 1986 of death be did not come the past year has left the Swis National Bank with a book loss on its foreign-currency holdings. A compared of SF? 2.103 in December 1985 of SF? 2.103 in December 1985 of SF? 2.105 in December 1985 of SF? 2.105 in December 1985 of SF? 4.80 in the foreign-currency reserves, together with part of the foreign-currency reserves, together with part of the dark is unsecured of weary of the past year has left the bank's unsecured of coreign-currency being a worker earning as proportion Secural Democration of contrading swap postion, foreign-currency belower, the pressure will not paid of worthless concept swap of the past year of the bank's unsecured of contrading swap postion. At SF? 3.2.56n, there were swap of the past year is a swap of the past year is the past year is a swap of the past year is the past year is a swap of the past year is the past year is a swap of the past year is the past year is the past year is a swap of the past year is the Rau accuses Chancellor of angling for extremist votes

BY DAYID MARSH IN BONN

MR JOHANNES RAU, the West German opposition challenger in the January 25 general election, yesterday accused Mr Helmut Kohl, the accused Mr Helmut Robl, the Chancellor, of trailing for extremist votes by claiming that "concentration camps" existed in East Germany, Mr Kohl, following up his recently tougher line on rela-tions with East Germany, told

a campaign rally on Sunday that the East Berlin Govern-ment maintained 2,900 political detainees in "prisons pointest detainees in "prisons and concentration camps."
Mr Rau, who has slipped hadly in opinion polls over the past few months, said the Chancellor's remarks risked damaging chances for cooperation with East Berlin, Mr Kehl is making his concers over the human rights in East Germany—and his desire one day to achieve reunifica-tion of the divided halves of the nation—into major issues in the election campaign.
The Benn Government says that people living in East Germany—including those in jail for what it claims are political reasons — remain West German compatriots.

East Berlin says they are simply East German citizens, and that Mr Kohl has no right to speak for them. Another sign of pre-election strains has come with a firm declaration against "1970s-style detente" by the Chris-tian Social Union (CSU), the Bavarian sister party of Mr Kohl's conservative Christian Democratic Union. The CSU

is led by Mr Franz Josef Strauss, the Bavarian Prime Minister, who has his eye on a senior post in the next government. The statement is part of

the CSU's continued sniping against policies adopted under Mr Raus Dietrich Genscher, Foreign Minister in Bonn for 13 years,

## **OVERSEAS NEWS**

# Tamil leader hits at government 'siege tactics'

The mass resignation over

salary dispute of 50 university deans, 200 heads

of departments and all wardens, sub-wardens and

student counsellors will make

it impossible for seven of Sri

Lankas eight compuses to open next week for the new

told the University Grants Commission yesterday that they were indefinitely post-

poning degree examination and asked students in res

dential campuses to vacate

their rooms. The only excep-tion is the University of Jaffna in the troubled Tamil

ment's stance follows its failure

mission in Colombo and the Sri

"linkage" between the Tamil north and Tamil-speaking dis-

tricts of the east.
The LTTE has wiped out all

other rival groups in the north and has demanded recognition

THE Sri Lankan Government is trying to create a "Biafra-like seige situation" in the Jaffna peninsula, Major Kittu, the regional commander of The Tamil Liberation Tigers (LTTE), charged yesterday, He was commenting on the Government's decision to stop all fuel supplies to the peninsular, the separatist stronghold.

rs ste

The army, which is manning all points of entry and exit, has been Ordered to stop all vehicles transporting petrol or kerosene. Supplies of aluminium have also been stopped to prevent the manufacture of arms in the north.
"They are trying to choke us,"
said Major Kittu. He also
pointed out that the restrictions
had crippled the fishing in-

The Government argues that there is enough fuel to last several weeks and its decision is a warning to the "Tigers," the north and last week threatened to declare unilateral

independence.

The UDI decision was not implemented because of pressure from the Indian Government, diplomats said. Though India's mediation efforts have been stalled, India considers such a step a serious diplomatic these concessions, over which there has been a war of words between the Indian High Com-

embarrassment.
Disturbed by what it regards as a big military build-up in the north, India has warned Sri Lanka about the "unpredictable consequences" of a major military offensive. For the first time, India has noted the growing role of Pakistani and Israeli security advisers in Sri Lanka, spoken of a threat to

"Indian security interests, national and regional." Mr Lalith Athulathmudali, the National Security Minister, said yesterday that if the Government wanted to choke the north, it would cut off food and electricity supplies.

He maintained that the formal declaration of independence had only been postponed while step by step the Tigers were setting up a parallel civil administration with powers to Prevention of Terrorism Act, supervise trade and transport, the release of 3,000 Tamil

"Make no mistake, the LTTE youths detained under the act, is setting up a governmental structure, however skeletal," he on fishing and fuel supplies.

The hardening of the Govern-such terms.

Libyan raid on Chad played down by France

FRANCE PLANS no immediate retaliation against the Libyan bombing raid in southern Chad on Sunday and is seeking to prevent an intensification of the

priate measures." "The Libyan action was expected to draw reprisals from France. Four Libyan MiG-

However, the authorities appeared to be seek-ing to play down the incident yesterday suggesting that the Libyan raid could simply repre-sent Libyan retatliation against to hold direct talks with the LTTE. The Indian Government

to provoke France by violating the 16th parallel.

Chad—with the government of President Hissane Habre seek-ing to pursue his offensive to recapture the northern part of the country from Libyan control —are causing a new diplomatic and defence headache for the

Lankan press, was a redrawing of the boundaries of the racially mixed eastern province.

Such a redrawing would have led to the exclusion of majority Sinhalese areas from the eastern province, allowing a "linkage" between the Tamil Libya's leader said in an interthe fighting in Chad was among Chadians, but that "a few hundred" Libyan troops were in the country, trying to free a handful of captured Libyan

as "the sole representative of the Tamil people." But it has resisted the temptation of accepting the Government's carrot of informal recognition. technicians.

The French Foreign Ministry confirmed yesterday that France had decided to suspend for an indefinite period all It has laid down conditions for fresh negotiations. These include a withdrawal of the The Government cannot accept cies in the Pacific region.

Peter Blackburn reports on Togo's economic struggle as its leader completes 20 years in power

conflict in central Africa. France was studying yester day "an appropriate response" to the Libyan raid, according to government sources. Earlier, Mr Alaine Juppe, the French Budget Minister and official government spokesman, had said that France planned to take "in coming hours the appro-

23s had struck targets south of the 16th parallel, where France has established a defence system to support the Chad Government. France has always warned that any Libyan incursion south of the 16th parallel would prompt an auto-

interpreted the failure as a manoeuvre to end Indian mediation after an Indian negotiating team which visited Colombo for three days of talks with President Junius Jayewardene in November demanded too many concessions from the Sri Lankan Government. sent Libyan retaination against the capture by Chadlan troops of a Libyan garrison

They also suggested that it did not necessarily imply that Tripoli was deliberately seeking

None the less, the Libyan raid and the latest developments in

French Government.
Col Musmmer

official visits between France and Australia. The decision follows what Paris regards as "the unfriendly attitude of Australia" towards France, especially over New Caledonia. The French Government has accused Australia of leading a campaign against French poli-

Togo follows path of 'Supreme Guide' IN THE MIDDLE of Lome a larger than-life golden statue shows Gen people have been following the path chosen by Gen Eyadema, the "Suof the small West African state of preme Guide." He was recently re-

Fogo, pointing the way forward. electe
The statue stands outside the imposing headquarters of the coun-ity's sole political party, the Assem-plane crash 12 years ago a powerful bly of the Togolese People, whose Congress is considering the renepersonality cult has grown around the Togolese leader. A monument wal of diplomatic relations with Is- built at the scene of the accident at Sarakawa in nothern Togo has be-

Togo would become the first come a national shrine. Gen Eyadema's aura of invincibilblack African state after Zaire, Liberia, Cote D'Ivoire and the Camer- ity will be enhanced by sumptuous celebrations planned for Tuesday to Along with other black African mark the 20th anniversary of the states it broke relations in solidari- military coup in which he seized

Aiddle East war.

The Togolese people will be hoping that the "architect of new Togo" berview with Radio France Interna- will ease the austerity imposed in tionale that only the party congress recent years.
was competent to take such a decision. But he added that he saw no the wages freeze as well as guaran-

obstacle now that Egypt had re- tees that jobs in the public sector

international image in the run-up to the 20th anniversary, last year decided against a further rescheduling of its external debt.

But the decision diverted resources from productive investment to debt servicing which still absorbs nearly 50 per cent of export earn-

fall below 2 per cent in 1986 from 3 per cent the previous year, economists forecast

With a population of only 29m and public external debt of about 293.7bn CFA francs (\$900m) the Togolese are among the world's most heavily indebted people in per capita terms. The country's debt crisis arose af-

ter the Government went on a of a spending spree following the quadrupling in 1974 of the world price of hate, the country's main ex-

profitable and when the world phostance and reschedule its official

debt with the Paris Club. Since then the Government has implemented a series of IMF- and World Bank-inspired economic reforms. These included the closure of eight loss-making public enterprises and privatisation of 21 others in one of Africa's most far-reaching

privatisation programmes. The reforms combined with good harvests helped to reverse the economic decline in 1985, bankers say. Togo recently received a further mark of approval when the World Bank released the second tranche

further increase in cocoa and coffee shown the best way forward.

The Government, mindful of its industrial enterprises, public build- modity marketing board and cloings and huxury hotels proved un-sure of an unprofitable railway line. Despite the reforms. Togo faces a phate market collapsed Togo was difficult economic future. The world obliged in 1979 to seek IMF assispressed and Togo's important regional transit trade has been disrupted by the closure of the Ghanaian border while recent financial reforms have further depressed the

Nigerian market. In addition, last September's coup attempt by Ghanaian-based Togolese dissidents will not have encouraged the tourist industry.

However, political stability was quickly restored and foreign business confidence apparently re-

Gen Eyadema's statue emerged unscathed from the recent coup attempt but it could still be threatened by underlying social tensions. This came after the Government met certain conditions, including a may wonder if Gen Eyadema has

# Assam students complete first year of government

THE WORLD's first student gov- party has done little to fulfil its elecernment, elected a year ago on a tion promises to Assam's 20m peo-pledge to expel millions of Bengali ple. immigrants from Assam state in The APF was formed after India's

Indonesia is expected

announce a slight increase in Government spending when he presents his draft 1987-88 budget to parliament today.

This compares with a 7 per cent cut last year, and reflects a con-

cern to ease Indonesia's economic downturn ahead of

forther decline in real terms.

Development spending, which

country adjusts to falling earn-

ings from oil and gas and up to \$5bn.

rael after a 13 year break.

ty with Egypt following the 1973 power

oon to resume ties.

Middle East war.

**Indonesian** budget set to

PRESIDENT SUHARTO of sluggish world demand for its

April's national elections.

However, with inflation at 8 per cent, the budget marks a further decline in real terms.

However, with inflation at 8 ing further borrowing and the per cent, the budget marks a further decline in real terms.

was cut by 22 per cent last year, negative growth this year, a is set to decline further as the debt service ratio of 40 per cent,

raise spending slightly

BY JOHN MURRAY BROWN IN JAKARTA

north-east India, is still trying to central government signed a peace find its feet, Beuter reports from accord in August, 1985, ending six years of agitation by militant Assa-Gauhati.

The Assam Peoples' Front (APF)
Government marked its first anniversary on December 24 with rallies and exhibitions.

But critics say its achievements are largely national and that the

non-oil commodities. Oil and

gas sales in the past provided 55 per cent of total budget

receipts.

Recurrent expenditures may

see a slight increase. Of these, repayment on the country's

\$33bn (£22bn) foreign debt, the single largest item, is set to rise

Economists predict nil of

with the current account deficit

by Mr Rajiv Gandhi, Prime Minis-ter, after the Punjab settlement. The All Assam Students' Union (AASU) and the People's Struggle Front, which led the anti-immigrant

King Fahd to

pay state visit

KING FAHD of Saudi Arabia

will pay a four-day state visit to Britain from March 24, his

first since he assumed power in June 1982, Reuter reports

the invitation of Queen Elizabeth. The Queen and Prince Philip visited Saudi Arabia in February 1979.

Arab diplomats in the region said they believed the

region said they beneved the Saudi monarch's talks in Britain would centre on the Middle East crisis and the Iran-Iraq war, and the role London could play in resolving the two conflicts.

to Britain

from Riyadh.

A court

campaign, formed the APF only two months before last year's elections. It defeated Mr Gandhi's ruling Congress (I) Party to take power in a state best known abroad for its tea but vital to India for its oil reserves. Mr Prafulla Kumar Mahanta, 30, a law student, left the classrooms of they had met at university. Mr Ma-Gauhati University to take the hanta himself will follow suit next month. aders became ministers.

But that is rapidly changing. The ministers of forests, health, indus-tries, transport and home all got married this year to young women

The press dubbed the APF "the bachelor party" because 52 of its 71 legislators were single when they were single when they disasters, including epidemics of malaria and viral encephalitis that claimed more than 600 lives.

A severe drought followed by unseasonal floods caused damage estimated at more than Rs 7bn (\$500m).

# Manila unionists protest at sacking of minister

THOUSANDS of left-wing trade president of the Employers' unionists picketed the Confederation of the Philipunionists picketed the Confederation of the Philip-Philippines' Labour Ministry pines, was appointed Deputy and then marched to the seat of Labour Minister last September President Corazon Aquino's in an effort to balance what Government yesterday to promany businessmen saw as Mr test at the sacking of Mr Sanchez's excessive pro-labour Augusto Sanchez as Labour bias.

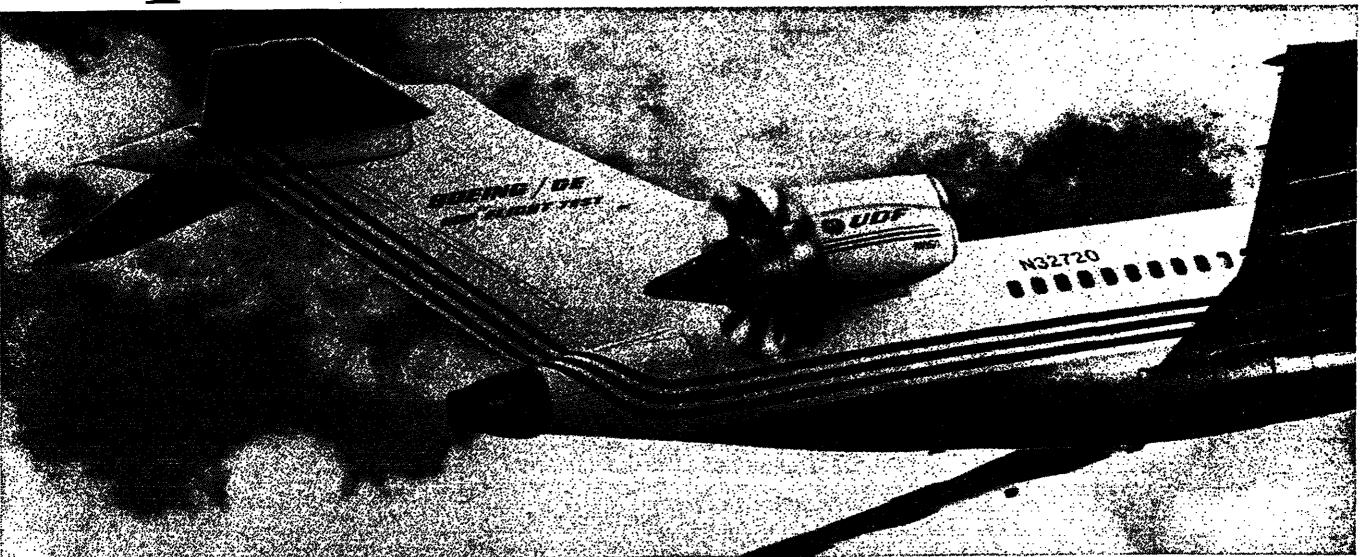
Riot police equipped with

The new minister, Mr agement lawyer and vice while Mr Sanchez was minister.

The Employers' Confedera-tion and the moderate Trade Union Conference of the water cannon prevented the Union Conference of the militant Kilusang Mayo Uno (May 1 Movement) from marching directly to Malacanang hopes that it would lead to a much-needed period of in-

dustrial peace.
Working days lost through Franklin Drilon, a former man- strikes rose sharply last year,

# August 20, 1900: a turring point in aviation history.



That was the day a Boeing flew over the Mojave Desert USA. Nothing unusual maybe, except that it was powered by a revolutionary unducted fan engine.

An engine that will be fitted on Boeing's new 7J7. The aircraft that will replace the 727s, DC9s, and early 737s currently in service. It will fly as high and cruise as fast as today's jets, but consume far less fuel. This will mean the airliner will have operating costs which are 8% to 10% lower than jets entering service later this decade.

It's destined for a brilliant future and Short Brothers in the UK are sharing in the development programme. Everything's going to plan for production to start in 1988 and for the aircraft to enter service in 1992.

But then what else would you expect from Boeing and its partners?

BOEING

icks ded or years

# Reagan's precarious balancing act

SHOPT PANCE

**ECONOMIC FORECASTS\*** 

185" 186 187 188

63 54 69 73 29 27 32 37

7.5 40 54 54

re changes (fourth fourth quarter), except ent and interest rates.

According to the budget's calculations, the deficit will be cut to \$107.8bn in fiscal year 1988, which starts on October 1. According to the budget's calculations, the deficit will be cut to \$107.8bn in fiscal year 1988, which starts on October 1. This is just below the target set by the Gramm-Rudman-Hollings law, and assumes real GNP growth of 3.2 per cent in calendar year 1987 (compared to 2.7 per cent in 1986) with inflation expected to return to betwen 3 and 4 per cent.

In his budget message to Promising tougher competition for defence contracts, Mr Reagan says the defence budget is the minimum necessary to maintain national security. He also calls for a two-year defence budget to help programme planning.

PRIVATISATION: Using language strikingly similar to mrs Thatcher's, President Reagan says he wants to get the federal government out of

million) in fiscal year 1988, Mr sector take over.

Reagan calls the budget deficit Mr Reagan suggests end"a major threat to our future ing all subsidies to Amtrak, prosperity" and sets out proosals to cut federal spending running mainly along the

trillion-dollar budget, presented to Congress yesterday, includes spending cuts in agriculture, transportation and education but also calls for increases in defence spending, foreign aid and space programmes.

Mr Reagan's aim is to strike a balance between the need to reduce the bulging deficit—which ran to a record \$220.7bn in fiscal year 1986—and the desire to provide more money for high priority areas such as defence.

(many of which were rejected by Congress last year).

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funding for Star Wars.

Promising tougher competi-

In his budget message to federal government out of Congress, calling for an outlay the job of producing goods and of \$1.0243 trillion (million services and let the private

extraterrestrial activities, said yesterday it was awaiting clarification from the US on the

impact of the postponement. "We would like to know the

details of the US position," the

to closer involvement in the orbiting base by the Defence Department. Hitherto, it had always been assumed that the

Pentagon would be a user of the station, for scientific experiments, but would not

play a part in managing the

Any move by the US military

In particular, Switzerland

According to tentative esti-

mates for the station, the US is due to put up \$8bn in develop-ment costs,

The US review of plans for the station could be a precursor

Boston-Washington corridor and selling off its assets that would generate around \$15n in 1988, partially repaying more than \$12bn already paid in sub-

Other suggested disposals include two oil fields or rated by the Government: Elk Hills, california and Teapot Dome, Wyoming (better known as a financial scandal in the 1920s), auctioning off radio and cellular radio wave space, electric power marketing organisations and excess real estate. The

FARM AID: The cost of supporsixfold from \$4bn in 1981 to \$25.8bn in 1986, the budget says. That amounts to a direct payment of more than \$16,000 to each of the L6m farm families. And yet, in 1985, two-thirds of American farmers did not receive price supports.

The Administration is pro-

posing a new farm plan aimed at removing the incentive for farmers to overproduce, limit to \$50,000 (instead of the present \$250,000) the amount each farmer may receive and reduce target prices by 10 per cent a year to cut surplus pro-duction. If this is achieved, Mr Reagan believes he can achieve savings of \$24bn between 1988 and 1992, cutting farm aid to

total sell-off would bring in at Entitlements: Americans spend least \$5bn in 1988. more per capita on their health than anyone in the industrialised world-52 per cent more than in West Germany and 100 per cent more than in and 100 per cent more than in Japan, the budget document says. Hence, Mr Reagan wants to cut medical entitlements, not-ably Medicare and Medicald. AIDS research and education is expected to rise 28 per cent to \$118m.

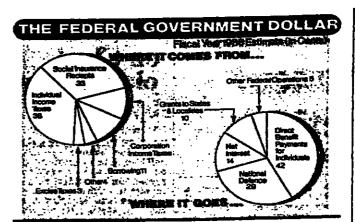
Under the proposals, Medi-

care premiums are to be increased by 35 per cent of supplementary medical insurance costs of new enrollees, plus curbs on Medicare rewards to curbs on Medicare rewards to hospitals to build (unwanted) beds. Including cuts in Medicaid spending and veterens entitlements, Mr Reagan estimates saving taxpayers \$7.2hn in 1988 and \$65.8bn in the period 1988 through 1992. Foreign aid: Mr Reagan wants more money to spend helping allies, states threatened by comaround \$2bn.

Réquestion: Mr Reagan is seeking budget authority for the education department of \$14bn in 1988, a cut of almost \$4bn compared with 1986. The cuts include earlier calls for phasing out legal aid services, and an effort to make students—not taxpayers—shoulder the burden of paving for their higher education.

\$7.2bn in 1988 and \$65.8bn in the period 1988 through 1992.

Foreign aid: Mr Reagan wants more money to speud helping allies, states threatened by communist insurgents, or countries in need of humanitarian aid. He has asked for budget authority of \$19.1bn in 1988, \$1bn above the 1987 level (including a supplemental appropriation of \$1.3bn in 1987). supplemental appropriation of \$1.30n in 1987).



PRESIDENT'S 1908 BUDGET (Shn)						
	1986	1987	1988	1989	1990	1991
otals:						
Receipts	767.1	842.4			1,048.3	
Outlays	787.2	1,015.4	1,024.3	1,969.0	1,107.8	1,144/
Deficit or surplus Gramm-Rudman-	229.7	-173.2	-167.8	-92.8	57.5	-21.
Hollins targets	-171.9	-144.0	-108.8	-72.0	-36.0	<b>Q.</b>
er-to-year changes:						
Receipts	35.0	73.3	74.2	59.6	72.1	743
Outlays	43.5	25.8	8.8	44.6	38.8	36.
Delicit	-85	+47.5	+45.4	+15.0	+33.3	+38.

# **US space station review** may impede foreign role

A US Government committee areas such as low gravity has begun work on a review of the country's project for a manned space station. The move could impede the planned involvement of Western ordinates Western Europe's artistical activities. involvement of Western Europe, Japan and Canada in the development of the base, which is due to enter orbit in the mid 1990s at a cost of about \$12bn (£8.1bn).

The committee, a State Department official said yestera State day, will consider a number of issues concerning the station, including possible use of the structure by the Defence Department. Other US agencies to be involved in the review, which is due to take until the end of this month include the end of this month, include the National Aeronautics and Space Administration

As a result of the committee's work, negotiations between the US and the other countries due US and the other countries due to become involved with the station have been postponed by a month. The talks have already been delayed as a result of unitative, is likely to be greeted arguments about these nations' with suspicion by the foreign exact contribution to the

The State Department said it and Sweden, neutralist counstill hoped to finalise discustries in ESA, might complain sions with the other nations about overt military use of the over the station by the spring, as planned. This would permit full-scale development of the structure, which is due to house laboratories for experiments in

#### Reagan has second operation in two days

By Nancy Dunne in Washington PRESIDENT Reagan underwent prostate surgery yester-day, shortly before the White

day, shortly before the White House announced that four small polyps removed from the President's colon on Sunday were benign.

The President was fully conscious during yesterday's operation as doctors from Minnesota's Mayo Clinic cut away pieces of his enlarged prostate. The tissue was prostate. The tissue was tested for malignancy, but

Yesterday's

It is just 18 months since the President underwent major cancer surgery for the removal of a tumour in his colon. Doctors then gave the President a better than 50 per cent chance for recovery.

Throughout his presidency, hir Reagan has made frequent trips to the hospital for various causes, including a gunshot wound.

doctors, who are expected to amounce the results today, say the chance of finding cancer is only about 10 per

called a transurethral resection of the prostate, is a common one. The President, who had a similar operation in 1967, called the surgery

Doctors have consistently praised the President's re-

# Language tensions in Quebec have eased, Robert Gibbens reports

# Montreal wins time to cool off

TENSION between the Frenchand English-speaking communi-ties in Quebec has eased since just before Christmas when the Canadian province appeared to be in danger of relapsing into the language battles of the 1970s, But action by the liberal provincial government of Mr Robert Bourassa appears to have defused the tension suc-cessfully.

cessfully.

Montreal, always the focal point of language conflict because, unlike the rest of Quebec, it has a substantial English-speaking community, has been quiet since the beginning of January. No less important the presented enverynportant, the provincial govern-ment has succeeded in settling wage claims lodged on behalf of 200,000 public service em-ployees in Quebec and the chances are that a settlement



every hue had the issue they to assume full economic leader-had been waiting for and could ship in the province. accuse Mr Bourassa of trying It was easy for Mr Levesque to impose bilingualism on the to claim Bill 101 had peace-

Cross, in 1970.

The police, however, are sceptical and assign responsibility to vandals or a lunatic fringe exploiting the legitimate concerns of those who believe the French language must be defended in Quebec if it is to applied.

to impose hilingualism on the province as a sop to Les Anglais.

In Montreal, two Molotov the windows of a department store chain displaying bilingual signs. Bomb threats were received by several central stores bearing English names. Responsibility has been claimed by several cells of the Front de Liberation du Quebeq, the small terrorist organisation that organised the kidnapping of a British diplomat, Mr James Cross, in 1970.

to claim Bill 101 had peacefully settled the language issue, because his government had the full suport of nationalists and the unions. In the eight years of PQ rule, Montreal did largely assume a fully-French face, but the PQ fumbled the issues of independence and economic overwhelming victory in December, 1985. They are committed to easing some clauses of Bill 101 and to allow billingual signs, especially in areas where substantial English-speaking communities lingual signs, especially in areas where substantial English-speaking communities

Mr Bourassa could have ployees in Quebec and the chances are that a settlement will soon be reached with the remaining 100,000.

Quebec public service unions have a reputation both for militancy and for quebecois nationalism. By settling with them. Mr Bourassa's government availed being caught in a potentially dangerous conflict with the unions at a time when the language issue had been revived by a court decision.

The Quebec Court of Appeal That seemed to strike at the language issue had been revived by a court decision.

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The Quebec Court of Appeal That seemed to strike at the language by law. In 1979 by the Particular and assign responsibility to vandals or a lunate fringe exploiting the legitimate from two test cases, He had to wait a year for the Appeal Court to find that languages other than French language in multi-lingual Montreal.

Mr Bourassa and his Quebec find a pear for the Appeal Court to find that languages other than French language in public view especially in multi-lingual Montreal.

Mr Bourassa and his Quebec find a pear for the Appeal to find a pear with the language in public view of the sequence of the public server, especially in multi-lingual Montreal.

Mr Bourassa and his Quebec find a find that language the public server find the public fringe exploitin amended Bill 101 swiftly with

## **US** banks suffer record failures

By Nancy Dunne in Washington

US BANKS, plauged by troubles in the agriculture and energy sectors, suffered a record number of failures in 1988 for the fifth year in a row.

As of mid-December, the
Federal Deposit Infrance Corporation (FDIC) had placed
1,484 banks, about one out of

every 10 banks it insures, on its every 10 names it insures, on its list of troubled institutions. According to the FDIG, 138 insolvent US banks were either merged or liquidated last year. Failures rose from 120 in 1985 and 79 in 1984. During the late years of the great depression, from 1934 to 1939, bank failures averaged 57 per year, half of the current rate.

The banks that have failed

are comparatively small with assets averaging about \$30m. However, it is believed that bank regulators, who have come to the assistance of large banks to the assistance of large banks. in the past, will not allow the giants to fail. The FDIC can also

giants to fail. The FDIC can also give financial help to banks and last year assisted seven.

The highest number of bank failures last year—26—were in Texas, where the oil glut and collapse in prices has struck hard. Oklahoma had 18 failures. Kansas 14. Iowa 10 and Missouri, nine.

The number of failures was the highest since the FDIC was

the highest since the FDIC was created to insure investor savings in 1934. The assets of last year's failed institutions totalled \$7.7hn, and it cost the FDIC \$2.8hn to pay of depositors. The Federal Reserve Board is

due to vote on Thursday on a measure which could force banks with risky loans to maintain higher capital levels in order to reduce the number of failures. AP adds from Washington:

However, the figure was far below the early years of the depression, when accounts were not insured and rumours could spark bank runs by people frantic to withdraw their deposits. An average of 2,277 banks failed each year from 1980 to 1983, with an astounding 4,000 failures in 1933 itself, according to the FDIC. Meanwhile, the Federal Home

Loan Bank Board reported that 21 savings and loan associations closed their doors in 1986, while 43 were ordered to change management and 22 were forced into mergers with stronger partners. Savings and loans, also known as thrift institutions, make personal but not com-mercial loans.

In addition, about 250 thrifts ont of some 3,250 whose deposits are insured by the Federal Savings and Loan Insurance Corp are in trouble.

The 21 thrift closures also set a modern record. Ten thrifts collapsed in 1985, nine in 1984 and six in 1983.

# **WORLD TRADE NEWS**

# Iran deal tests Bonn arms curbs

By David Marsh in Bonn

A NEW test for the West German Government's policy of proscribing arms exports to areas of conflict may arise as a result of efforts by Messerthe country's largest aerospace group, to sell military transport aircraft to Iran.

question or delivering any air-craft while the long running Gulf war with Iraq lasts. How-ever the persistence with which MBB has been putting its pro-posals to Tehran underlines how West German companies are making a greater effort than in the past to compete in international arms sales.

Mr Hans Arndt Vogels, the MBB chairman, accompanied Mr Franz Josef Strauss, the Prime Minister of Bayaria, on a recent visit to Saudi Arabia designed partly to promote weapons sales to the desert kingdom. Mr Vogels has made no secret of his support for Mr Strauss's bid to liberalise Bonn's current restrictions on weapons

# buy airliners

BIMAN, the Bangladesh national airline, will buy two more wide-bodied aircraft to replace its ageing Boeing 707s, Mr Mohammad Abdus Sattar. State Minister for Aviation said, Reuter reports from Dhaka. He told reporters the country was negotiating with a number of aircraft manufacturers including McDonnell Douglas and Boeing of the US and Airbus Industrie, the European con-

# Cigars are not the only attraction Havana can offer trade missions, Frank Gray reports British business finds Cuba a tempting prospect

businessmen from pursuing nation. export contracts in the only Comecon country in the over of their debt by Western western hemisphere. commercial banks will not

MRB has confirmed it had been holding talks over the past 18 months about selling 12 Transall aircraft, produced jointly by West Germany and France, for Iran's armed forces.

Both MRB and the Bonn Government say there is no question of delivering any aircraft while the long running organisations.

than 100 British companies have visited Cuba under the umbrella of trade missions in recent years. This interest is taking place against Cuba's continuing debt difficulties. It has been locked in frustrating been locked in frustrating against cuba's a reciprocal trade agreement sations based in London, Paris, is a reciprocal trade agreement sations based in London, Paris, view of the contract of the

CUBA MAY be undergoing its the Paris Club. It is seeking worst economic difficulties \$300m in additional credits, but since the revolution of 1959, the Club is prepared only to offer \$50m because of what it regards as fuzzy accounting businessmen from pursuing nation. The Cubans argue that a roll-

Officials from the London really help them resolve their chamber of Commerce, which recently led a mission of 30 UK to buy Western equipment and companies to Cuba, admits that

trade with Cuban state trading barter arrangements involving organisations.

Cuban sugar in exchange for The Birmingham Chamber followed with a similar mission last autumn and the Midland Bank, in association with the Goodwood Trading Company, followed with its own mission of some 40 UK companies last spring. The Manchester Chamber led a mission in November. It is estimated that more back garden without having to company and are keen to help

compete with US companies, forbidden from doing business with Cuba by Washington's long with Cuba by Washington's long trade embargo.

Underpinning British activity the a reconvent trade of the cuba trading organi-

been locked in frustrating signed earlier this year between Vienna and Madrid, negotiations with European Goodwood and Midland Bank, Contracts for shipments to banks, led by Credit Lyonnais acting as its financial adviser, Cuba are usually processed in of France, under the aegis of which envisages some £350m in this way.

The Cuban economy is enter-ing what President Fidel Castro has described as The Year of the Thin Cows, agencies report from Havana. Austerity measures would mean a doubling in public transport prices to 10 cents from 5 cents, increases of about 40 per cent in electricity rates and restrictions in

bilateral trade to be spread over a five year period. The object is for Goodwood to handle, about £200m in Cuban imports, much of which can be imports, much of which can be transshipped to third markets, given a rover the term of the deal Goodwood, and a Cuban export which witrading company set up to facilitate the arrangement, trading power fisched to trading power in shipments to Cuba. These would come mainly but not exclusively from the UK.

The London Chemical State of the company of the UK.

The London Chemical State of the company of the UK.

credit restrictions and payment delays and are keen to help cuba upgrade its industries.

This is not easy, as it means exporters must patiently negotiate with Cuban trading organito. Cuban economic planning as the color of the cuban trading organitors based in London Paris.

use of government vehicles. The country's foreign exchange earnings are expected to decline to \$600m. from \$1.2bn in 1986, largely because of the sustained fall in sugar prices, the effects of an intense drought, and the fall in the price of petroleum

clus will result in real business, given a revamping of the current Cuban five-year plan which will set out an action plan to boost the country's trading potential with hard currency nations. this will result in real business. Proposals being considered

country projects;

About £1m in potential business inquiries resulted from the London Chamber mission. which is optimistic that much of

Costains, the contracting group, to employ Cuban technicians and labour in third-

Cuba is allowed to sell up to 66 per cent of its surplus for the lifting of some £5m.£6m Soviet oil on Western markets. in Cuban crude and a UK com-This brought it \$574m in hard modity trader has taken £2.5m hard currency last year, butin steel to be trans-shipped to

Scandura to provide con-

veyor belting for the tobacco industry.
Leyland Vehicles is anxious

end of March.

Meanwhile, they are expected to fulfil easily their export share of the arrangement.

Recent transactions involving. Shell and British Petroleum call for the lifting of some firm film.

this resource is under pressure because of the fall in the price of oil.

Egypt. The UK also is to import Cuban citrus fruits, some to be sold through Marks and Spencer's retail outlets. Citrus fruit has surpassed tobacco as Cuba's third largest indigenous export, behind sugar and minerals, mainly nickel.

Leyland Vehicles is anxious to revive business ties with the Cubans, not only for the provision of trucks but of coaches. The later would support the country's fast-growing tourism industry.

British Shipbuilders is also delivering two SD-14 general cargo vessels to Cuba under a would eventually be increased cargo vessels to Cuba under a to a target level of 10,000 tonnes downturn in frozen Chinese concern.

dorf, a West German shipping concern.

Cuban authorities, severely pinched by the financial impact of a bad hurricane season and the loss of hard currency oil earnings, have been slow to lift goods from the UK.

They reaffirmed their commitment to a reciprocal trade agreement in December and have identified a dozen contracts that would help build up their imports from the UK. They hope to reach a figure of £10m in liftings from the UK by the end of March.

Lusting imports into the UK and above imports into the UK and abroad. The only sticking point is on whether the Cuban authorities representing Hayana and abroad. The project is the processing and bottling of Cuban rum by Invergordom authorities for sale in the UK and abroad. The only sticking point is on whether the Cuban authorities representing Hayana their imports from the UK.

In terms of visible trade,

In terms of visible trade, Britain is enjoying a large sur-plus, with exports of £48m to October, against imports of just .55m, though this will change once the Goodwood results begin to be registered. British exports to Cuba last year were worth £59.3m against imports of £7.27m.

# Bhutan projects launched

THE Himalayan kingdom of \$760m and is expected to expert Bhutan is to launch its first big most of its 1,500 tonnes a day industry programme in its output to India and Bangladeah.

### Japanese win Java oil contract By John Murray Brown in Jakarta

A JAPANESE consortium headed by Japan Petroleum Exploration Company, Japex, has won a \$90m (£64m) con-tract to explore for oil on Java, Indonesia's official news

Java, Indonesia's omeiai news agency reported.

The 10-year agreement signed in Tokyo gives the consortium 53.5 per cent of crude production as repayment for investment costs and the product of the pro a further 6.5 per cent as prefit share. The terms appear markedly

The terms appear markedly more attractive than those allowed under the current production sharing contracts. This is seen as a concession to Japan, the leading buyer of Indonesian oil and gas, which has hitherto played only a minor role in the country's exploration and production. The contract will be financed up to 90 per cent by Japan's National Oil Company with the remaining 10 per cent raised by the 10-member consortium. It will cover 7,800 as kms in West and Central Java, Indonesia's main island.

Indonesia's central hank will provide export credits for • Indonesia's central bank will provide export credits for foreign buyers of aircraft built by PT Nurtanio (IPTN), the state-run aerospace industry. Dr Arisin Siregar, the bank's governor, told a parliamentary committee.

mittee.

The credits, given according to requirements set by the Organisation of Economic Co-operation and Development will be for seven years. The grace peried will be two to three years, with interest to three years, with interest payable at 74 per cent, the governor said.

IPTN is also reported to be seeking support from Deutsche Bank of West Germany and two Japanese financial institutions.

Negotiations are under way with several customers in Burmah, Japan, Thalland and Bangladesh.

IPTN manufactures the

IPTN manufactures multi-purpose turbo-prop C212 sircraft under licence from Casa of Spain, and the larger CN235 in a design and production partnership.

# Bangladesh to

# Nissan advances European plans

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

NISSAN, second-largest of NISSAN, second-largest or the Japanese automotive groups, is to spend about Fl 44m (£13.6m) to double the capacity of its European warehouse facilities at Amsterdam in the Nether-lands one year ahead of the original schedule.

The company gives three principal reasons for the move: first the UK assembly plant at Washington, Tyne and Wear, will begin shipping

in 1988; secondly Nissan intends to sell more European

intends to sell more European parts; and lastly, the group's penetration of European car markets has exceeded previous expectations.

The Japanese group set up Nissan Motor Parts Centre (Europe) with initial capital of F1 50m in May 1983 and operations began last July. Nissan says estimated sales for 1986 fiscal year will be F1 348m and NMPC now employs 248.

Nissan is also to combine its after-sales service organi-sation in Europe, currently based in Brussels, with NMPC.

Last year Nissan seld about 207,000 cars in Western 307,000 cars in Western Europe for a 2.9 per cent market share. By the end of Market suite. By the can we Nevember this year the group had registered about 294,000 cars, an increase of nearly 13 per cent on the same period of 1985, and pushed up its share to 3.1 per cent.

S. Korea to finance import substitution plan SOUTH KOREA plans to lend

The ministry has selected 13,435 electronic goods, items of machinery and various parts now purchased abroad,

# BY JOHN ELLIOTT BY NEW DELHI

industry programme in its sixth five-year plan for 1987-91 with projects aimed at using the country's natural resources, including limestone and hydroelectric power.

A \$80m cement plant is to be built in the south-east of the country where there are large limestone deposits, possibly and the Government wants to be made locally.

It will account for around 10 per cent of the expected total plan expenditure of about output to India and Bangladeah. The economy of Bhutan which lies between India and China is largely based on agriculture. Both its economy and trade are closely tied to India in the south-east of the country where there are large limestone deposits, possibly and other links.

A \$36MW hydro-electric power station to serve industries is being built at Chukha in the Government wants to be made locally.

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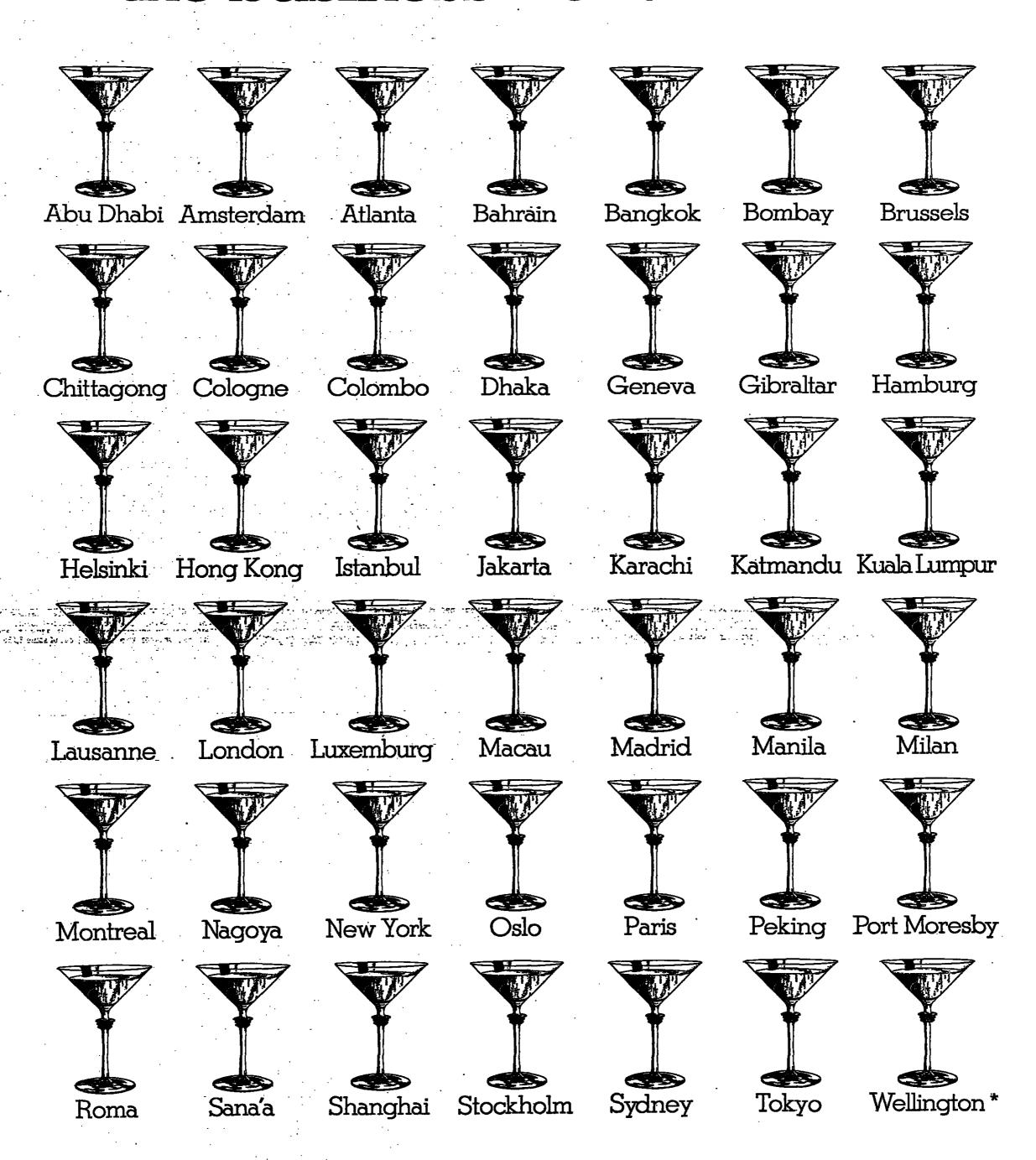
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# Who ever said that the business world is dull?



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# Ten directors resign at public relations group

TEN DIRECTORS of Communica tions Strategy Limited (CSL), an unquoted consultancy which is ranked seventh in the UK with a fee income last year of £3.2m, resigned yesterday. The consultancy's clients include the Australian Too ist Commission and the Mail on Sunday. It was the culmination of a board row involving one of the UK's fastest-growing public relations

Their move follows the resignation shortly before Christmas of Mr Alan Butler, the company's manag-ing director and chairman of the Public Relations Consultants Asso-

Mr Butler resigned over "irrecon-cilable differences" with Mr Bruce Clark, the company's chairman and founder. The 10 directors who quit yesterday - five were non-executive - cited "the continuing lack of up-to-date financial information" being given to them as one of the causes

CSL is the trading company owned by Communications Strategy Group. The group board has five mbers and the CSL board had 15 members before the resignations.

Mr Bruce Clark, chairman of CSL, said yesterday that any fast-growing business "had growing pains and we have out-grown some of the people who work for us. This

TOP 10 BRITISH PR AGENCIES

split at a leading public relations consultancy, however, highlights the problems within the PR busi-

over the past year. A number of leading public relations consultancies have seemed to court more publicity for themselves in an attempt to go public on either the Unlisted Securities Market or full stock exchange.

The Charles Barker Group, for example, joined the full market in the summer amid a blaze of publicity at an offer price of 140p. How-ever, the City has not been imd with PR companies going public and Charles Barkers' shares currently are rated at 105p.

Good Relations, the first PR company to go public in 1983, also atman of the McCann consultancy, tracted the sort of publicity over the said.

past year which PR companies are usually paid to keep out of the pa-pers. Not only did a number of key staff leave Good Relations but the deputy chairman, Ms Maureen deputy chairman, Ms Maureen Smith, also was criticised by the Stock Exchange and the Institute of Public Relations for the way in which she sold her shares in the company. Good Relations was eventually acquired by an advertising agency, Lowe, Howard Spink.

Ironically, these problems among at a time of booming demand for their services. The 113 members of the Public Relations Consultants Association reported a 22 per cent increase in fee income in 1985 to forms of PR - including in-house PR - is estimated at almost £500m in the UK last year.

Many companies, however, ap-pear increasingly worried that the standards of PR are falling as rising demand is being follfilled by untrained PR recruits. Even the PR consultancies themselves seem aware of this problem. Two many practitioners appear to be cutting corners, settling for superficial solutions to current needs, and setting the scene for an erosion of standards," Mr Frank Barnard, chair-

# Richard Evans assesses the Environment Department's efforts to curb spending Ridley gambles over local government

Office that was regarded as the graveyard of aspiring politicians because of the number of potentially ous issues it had responsibil ity for; then the Northern Ireland Office was added to the departments in which it was hard to score brownie points. More recently, the ent of the Environ has been at or near the top of any nan-ministerial list of ministries it ple

would be wiser to avoid. The constant skirmishing over local government finance between Whitehall and both Conservative and Labour local authorities has been fraught with political dangers for the Government, and the recent wrigglings over the 1987-88 rate support grant settlement have un-derlined the difficulties. Rates are local property taxes which are sup-plemented by central government. How successful Mr Nicholas Rid-

ley, the Environment Secretary, will be in preventing local govern-ment issues from continuing to be a liability remains an open question. But with a general election likely this year the stakes are high.

Mr Ridley, a total contrast to his predecessor, the high profile but conciliatory Mr Kenneth Beker, is equally politically astute but his ap-proach is much more overfly Thatcherite and confrontational He has little patience for the wearisome minutiae of local government finance and his mistrust of the mo-

At first sight his efforts so far to produce a formula for the distribution of rate support grant to local authorities for 1987-88 have been a shambles, colminating in the em-barrassing introduction lest month of an emergency bill to legalise the incorrect payment of grant over the last six years. But like most things in the field of local government fi-

The sequence of events illus-trates both what a minefield the area has become, and a high degree of political naivety on the part of

The original rate support grant settlement proposed in July was available than ever before (£12.8bn, a 9 per cent rise on 1986-87) but in October it was seen that a few local authorities would gain imsely, but a lot would gain very

little or would lose.

Psychologically it was the worst of all worlds for Mr Ridley. His attempts to direct more money into the inner cities, where it was most needed, also meant that the beneficiaries were broadly Labour and the losers almost exclusively Tory. Surrey was set to receive only year, Hertfordshire £27m against £43m and Berkshire £36m instead

of £41m. In short, the counties close to London were affected, and Tory MPs threatened a bigger revolt than the previous year when 32

GAP BETWEEN PLANNED AND ACTUAL SPENDING, ENGLAND

much easier for the Government.

In all, there were 359 gainers, 18

authorities had no change in grant, and only 49 losers. It was a much

as the losers were nearly all Labour

strategy will work. In the short

term a rebellion has been averted,

but real success or failure depends

on what happens to rates in the next financial year.

Mr Ridley's view is that most lo-cal authorities should have very low

rate rises, or even cuts, provided they do not increase their spending

by more than the Government's

ections, But this could be opti-

unrealistic by some independent

vers, senior research fellow at the North East London Polytechnic. I

back-benchers voted against the Government and a further 20 ab-The main losers were the metropolitan authorities, particularly Birmingham, Bradford and Mersey-

It was more than the Government was prepared to face, and us-ing the pretext of fresh information that meant a revised formula was needed, Mr Ridley sounded a tacti-

On December 3 he amounced an unprecedented third attempt to get the formula right and this time political factors were clearly in evidence as the ground rules for re-

ceiving grant were re-written.

Areas like Surrey with £7.7m more, Hampshire with £4m more, and Hertfordshire with another £6.4m were the main beneficiaries. together with the London borough It was enough to persuade most of the Tory rebels to back down.

Inevitably, some rural authorities found themselves worse off - Derbyshire was down £22m and Cleveland £11m - but politically it was has never happened before, and there are a number of reasons why councils could need to push up their spending," says Mr Travers. First, the Government's inflation assumptions could be too modest

according to some forecasters, who believe inflation could top 5 per

cent in the next financial year Second, insufficient account has probably been taken of pay rises for many council employees, including manual workers and teachers. Mr Baker, now Education Secretary, has pledged to pay £150m towar tal cost could be over £400m, and

The Chartered Institute of Public Finance and Accountancy (Cipta) estimates the cost of the teachers pay settlement could push rates up by 3 to 4 per cent more than is essumed from the Government's

formula to defend politically, Third, there is the issue of creative accounting. Some local authority spending in the current financial The key question now for the Government in general and Mr Rid-ley in particular, is whether the year has been funded by extracting cash from special accounts and by similar methods. If these sources are exhausted, spending on the af-fected projects will have to be continued from the rates. The total amount involved is not known, but it is considerable, particularly among the 40 authorities whose

"capped", by the Government. So, a great deal will depend on the scale of rate rises in the spring. mistic. It is certainly regarded as If as the Government hopes, they are restricted to low single figures. experts, including Mr Tony Tra- it will be excellent news prior to a But if they are pitched at twice

would not be nearly as complacent as the Government," he says. the rate of inflation it would be dis-The grant figures presuppose astrons news for the Conservatives. that local authorities will be spend. Whether Mr Ridley has got it right ing in 1987-88 at or below this or wrong could be one of the deci-year's level in cash terms, taking in-sive factors in the outcome of the flation at around 4 per cent. This election.

# **Control of more Scots** companies moves south

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

RECENT SHIFTS from Scotland to The issue of the loss of Scottish

from 80 to 63.

These figures, compiled by the Glasgow office of the management consultants Inbucon, highlight the growing concern in Scotland at the transfer of control of Scottish comtransfer of control of Scottish com-

year by the takeover of the Edin-burgh-based drinks group Distillers control of a number of smaller companies has moved to England in the past 18 months.

Although there have been a number of acquisitions of English com-

England in the control of major control of companies is assuming companies has meant a drop of increasing importance among Scotmore than 50 per cent in the total tish politicians and business leadcapital employed by listed Scottish ers. Although the assets and em-industrial and manufacturing comployees of companies now conployees of companies now con-trolled from England remain in Over the past 18 months total Scotland, the loss of control and the capital employed by Scottish com-departure of company headquarters panies in these sectors has fallen usually mean a decline in demand from £4.72bn to £2.27bn, and the for ancillary services such as legal, number of companies has fallen accountancy, advertising and public relations, which are usually

transfer of control of Scothsh com-panies to companies based in Eng-land Guinness would have headed its anbased companies ranked according to turnover. But because Guinness has not so far redeemed promises by Guinness and that of the Glas-gow-based textile concern Coats made during the Distillers takeover battle to move either its registered at the concern coats. Patons by Vantona Viyella. House of Fraser passed into the hands of the Al-Fayed brothers in 1985 and the Al-Fayed brothers in 1985 and the subsidiaries of the part through its subsidiaries. ing only through its subsidiaries Distillers (ranked fifth) and Arthur Bell (18th), which produce two-

The Scottish Business Insider list panies by Scottish-based concerns is headed by Britoil, which had 1985 over the same period, these have turnover of £1.79bn, followed by been dwarfed by the flow in the op- Standard Life, and Royal Bank of

# Britain 'is in danger of becoming slum society'

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

BRITAIN is in danger of becoming houses, flats and rooms to rent at a slum society because of bad hous- prices they can afford.

an estimated £19bn needed to re-houses. pair public sector housing in Eng-land alone.

condemned to live in slums," said

habitation; and helping the home-less young by providing more the campaign organisers.

ing, said Lord Scarman, author of the report on the Brixton riots, launching the UK campaign in the UN International Year of Shelter for the Homeless.

He said tackling the problem of Britain's 250,000 homeless people, Am substandard and 1m unfit houses could cost up to 686hm, with an estimated £19bn needed to re-

land alone.

"Unless something is done to meet the bill for repairing our housing stock our own children and grandchildren will find themselves condennated to live in the provision of substantial capital resources for housing," said Lord Scarman.

The Government must provide funds for repair and renewal and ensure that housing is available within the means of the homeless."

The Government must provide funds for repair and renewal and ensure that housing is available within the means of the homeless."

The compaign is starting as the number for council houses built in the means of the homeless. less families; improving housing for the UK has fallen to its lowest level the 500,000 elderly people living in homes classified as unfit for human sees homelessness as a problem sees homelessness as a problem overseas rather than in the UK, say

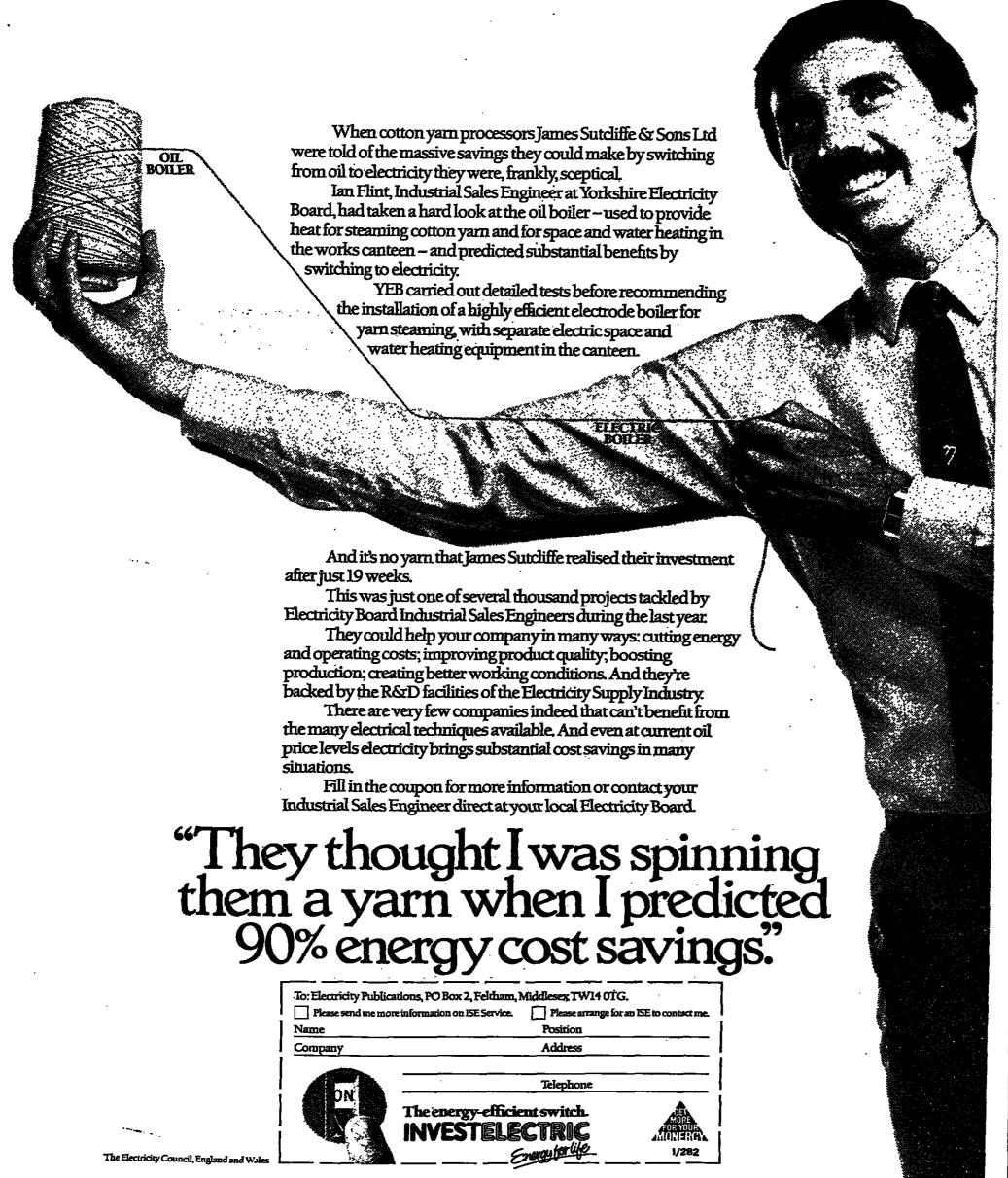
# Renold names new chief

BY NICK GARNETT RENOLD, the Manchester-based UK.

RENOLD, the Manchester-based engineering group which was the subject of a boardroom shake-up last October, has appointed Mr Trevor Grice, until recently managing director of the Frank Horsell Group, as its new chief executive.

Mr Grice, aged 45, was closely associated with the aggressive marketing and pricing policies of Horsell, the second largest supplier of

sell, the second largest supplier of ecutive chairman, in protest at that lithographic printing plates in the decision.



offshoots

Stelan Wagstyl writes.

DEAK MORGAN, an Australasian-

owned financial services company,

is planning to buy the two metals trading subsidiaries of the former

Johnson Matthey Bankers group

(JMB), which was rescued by the

Bank of England two years ago,

Johnson Matthey Commodities

The bank has already sold almost

Deak Morgan has two powerful

Ariadne Australia, a fast-growing Australian holding company, which owns 20 per cent. Deak last year

changed its name from Martin

Properties after it bought Deak and

Co, a US-based currency and pre-cious metals broker, with retail out-

mittee has been elected to conform

to the High Court judgment that

the party's national executive com-

mittee should not act as judge and

jury in such disciplinary cases.

The new committee will hear appeals against expulsions by local

constituency parties and will deal

with investigations referred to it by the party's national executive.

lets across North America.

Ltd., which has a seat on the Lon-

He did not rule out, however, the possibility that he might leave the SIB when his term of duty there

Gueen magazine and a former editorial director of TPC magazines.

Mr Hackett said yesterday of the runs out at the end of May. "I am not leaving before the expiration of

□ VAUXHALL yesterday joined in the New Year round of new car price rises, with increases average ing 3.1 per cent effective immediately. This is slightly below the avosed by arch-rival Ford, the UK market leader, on January 1. Vauxhall's increase follows one

averaging 5.3 per cent in September, bringing the total over the past 12 months to 8.56 per cent, compared with 7.3 per cent for Ford over the same period.

Even though Vauxhall is heavily

dependent on imports of both builtup cars and kits for its UK sales, its 12-month increase is, substantially less than that of some European and Japanese importers against the background of a weaker pound.

U ELECTION of Sir Nicholas Goodison as chairman of the London Stock Exchange was confirmed. The first meeting of the council of the renamed stock exchange, the International Stock Exchange of the UK and republic of Ireland, also nislas Yassukovich and Mr Graham Ross Russell as deputy chairman.

☐ WESTMINSTER City Council have decided to appoint a managing director in a move thought to be without precedent in local govern-ment. Creation of the post - with a salary range of £37,000 to £45,000 - is part of the Conservative-controlled council's push to introduce a corporate style into local authority

with, for example, a statutory re-quirement for firms to report all significant settlements of negi-OVERTIME bans by pit managers in the Yorkshire coalfield hit gence claims. production at 40 mines as work re-Mr Michael Blackburn, Touche's sumed after the holiday. The dis-pute began over fears of job losses in the coalfield. British Coal said it managing partner, said yesterday. We believe that there is a level of public concern, and an appropriate response is to have a General Auditing Council. We think that is in would not hold talks on the dispute until the managers returned to northe long-term interest of the auditmal working. ing profession."

□ INSURANCE companies have asked for at least another year's delay before they have to start using the proposed new system for regu-

lishing the results, and would help the profession to reassure the pub-Their trade body, the Association of British Insurers (ABI), said they would face "horrendous" administrative difficulties in implementing the new rules. The rules have been devised by the Life Assurance and be split away from other activities or that audit appointments should Unit Trust Regulatory Organisation (LAUTRO), one of the bodies set up to protect investors under the Fi-

nancial Services Act. They set strict limits on the maximum commission rates that companies can pay to insurance brokers and other independent intermediaries for introducing life and unit

# Alliance row on defence post recalls policy split

BY PETER RIDDELL, POLITICAL EDITOR

THE disagreement within the Social Democratic Party/Liberal Alliance over nuclear defence policy has partly resurfaced in a dispute about who should be the joint election spokesman on defence.

Dr David Owen, the SDP leader, has proposed Mr John Cartwright, the party's parliamentary manager, but he is opposed by leading Lib-erals who regard him as having been too close to Dr Owen in last summer's defence row and its aftermath.

Instead, Mr David Steel, the Liberal leader, has suggested Mr Bill Rodgers, the SDP vice-president and former MP, who sought to achieve a compromise in the joint Alliance commission report or de-fence, and who is seen as more Alliance-minded. Mr Rodgers is him-self not seeking the defence post but is trying to avoid a dispute with his party leaders and within the Alliance.

Dr Owen has also made known his belief that a number of the key joint spokesmanships should not be held by those currently outside the House of Commons.

Some Liberals suspect that Dr Owen wants his own ally in the key defence post so as to be able to determine presentation of policy dur-ing the election campaign.

New editor

appointed

to Today

MR DENNIS HACKETT, a special-

ist in relaunching ailing magazines, has been appointed editor in chief

of Today following the resignation of Mr Brian MacArthur.

Mr Hackett joined Today in June

as executive editor. It is believed

the other main contender for the Today editorship was Mrs Angela Gordon, news editor of The Obser-

ver. Since 1974 Mr Hackett has been a

publishing consultant involved in relaunches at The Tatler, The Spec-

tator and The Field and is credited

with turning round the Mail on Sunday's colour magazine, You, af-ter a disastrous launch.

Mr Hackett, who began his career in journalism on the Sheffield Telegraph in 1945, was editor of

progress of Today: We are attract-

ing a core readership of young, in-telligent, fashionable individuals who are interested and concerned about the world we live in, but like

a bit of humour now and again."

Later this month Today will

launch theme advertising on televi-sion aimed principally at attracting the 20-34 year olds in the BCI social

copies a day at the moment. The co-lour tabloid began distributing in

Ireland, both north and south, on

Saturday and hopes the numbers

there will build from an initial

**Touche Ross** 

regulation

back statutory

A GENERAL Audit Council, a new

statutory body, should be created to

improve the regulation of the audit-ing profession, according to Touche Ross, Britain's sixth largest

Touche is the first of the big

firms to publish its formal respons to last August's consultative docu

ment from the Department of

Trade and Industry on the regula tion of auditors in the context of the

European Community's Eighth Di-

The firm also calls for a major improvement in the profession's communication with the public

The GMC, according to the firm's

submission to the department

would provide a mechanism for con-

ducting investigations and pub-

lic that regulation was effective. The firm criticises some sugges

tions in the consultative docum

such as that audit business should

be compulsorily rotated every five years. These proposals were put forward to boister the indepen-

Touche Ross says that such pro-

posals would "hinder and not help

the maintenance of high audit qual-

dence of auditors.

ity in the UK."

20,000.

By Raymond Snoddy



Mr David Steel

The defence dispute is only one of a series of uncertainties about the announcement of joint election spokesmen planned for later this month shead of the London rally intended to launch the Alliance's pre-election campaign. Further talks will be held next week between Dr Owen and Mr Steel

There has been argument both about the size of the joint team, which looks like rising from the original 12 to more than 25, and about the inclusion of Mr Rodgers and Mrs Shirley Williams, who are no longer members of Parliament



A further complication has arisen following the death a fortnight ago of Liberal MP Mr David Penhaligan, who had been pencilled in as employment spokesman in the eco-nomics team along with Social Democrats Mr Roy Jenkins and Mr Lan Wrigglesworth.

There had been calls by Alliance leaders for Mrs Williams to take over employment in view of her work in this area since losing her Commons seat in 1983. But there might be problems about having such a post held by someone not an Liberal in the economics team.

Charles Leadbeater explains the background to the TV broadcasting dispute

# BBC focuses cuts behind camera

might best be summed up by the tithe of one of the most popular police series of the time - 'Softly, Softly'.

A decade later industrial relations are being shaped by clear commercial imperatives. In the face of mounting financial and competitive pressures, the BBC is attempting to refashion working practices behind the camera to allow a growing proportion of resources to be di-

ted into programme making. For the foreseeable future the corportion's ability to raise income will be limited by the Government: the licence fee will stay at \$38 till cannot be at the expense of pro-BBC, the pay and productivity lect the general commercial pres-April 1988, and thereafter it is likely grammes because that would weak-package did not increase gross sures on the corporation.

Beyond that in the 1990s the corporation may well have to generate much of its revenue from a commerical "pay-as-you-view" system. At the same time the BBC is having to invest in programme making

This is the backdrop to the present to secure its position against the competition of direct broadcast estellite, and cable television.

"If the BBC is to survive, we have to be realistic about our income, which is politically fixed. The era of grievance is a 20 per cent pay crease in basic rates from higher buoyant income is over, says Mr award made to 700 London scenery productivity, started in January Roger Chase, the BBC's deputy di- workers in 1984, to "buy out" rerector of personnel. "Cost saving strictive practices. According to the by three developments which ref-

THE CHARACTER of industrial re- to be pegged to retail price infla- en our products. So we have to be earnings because overtime lations at the BBC in the 1970s tion.

dispute between the corporation and 500 electricians, which at midnight on Saturday turned into a The BBC said yesterday that it was preparing for the dispute to last for

Nevertheless, the award rippled

through pay negotiations for the corporation's 5,500 weekly paid staff because other workers - scenery staff outside London, drivers, electricians - concentrated on the strike after a gestation of two years. way they had been moved down the basic pay league.

Negotiations between the BBC and the EETPU, the electricians' The source of the electricians' union, aimed at financing an in-1986. But they were soon embroiled

# Plan to continue late-night television

YORKSHIRE TELEVISION plans to push ahead with a perm-anent late-night television ser-vice in the spring following the completion of a six month exper-iment in all-night hroadcasting.

Yorkshire has been broadcasting the pop music satellite chan-nel Music Box throughout the night since August - an experi-ment which ended at 6um yesterBetween midnight and 2.30am audiences varied between 350,000 and 750,000 but by 4am the num-bers were usually too small to measure. Mr Cive Leach, Yorkshire's director of sales and marketing, said yesterday: "It's vi-able until about 2.30am but in the wee, small hours of the morning there may not be an audience that is commercial."

dependent Broadcasting Authority for permission to extend its broadcasting hours after midnight. Yorkshire had not yet decided how late it would like to

It could turn out that sudiences after 3am may not be large enough to justify the cost. The six-month experiment was

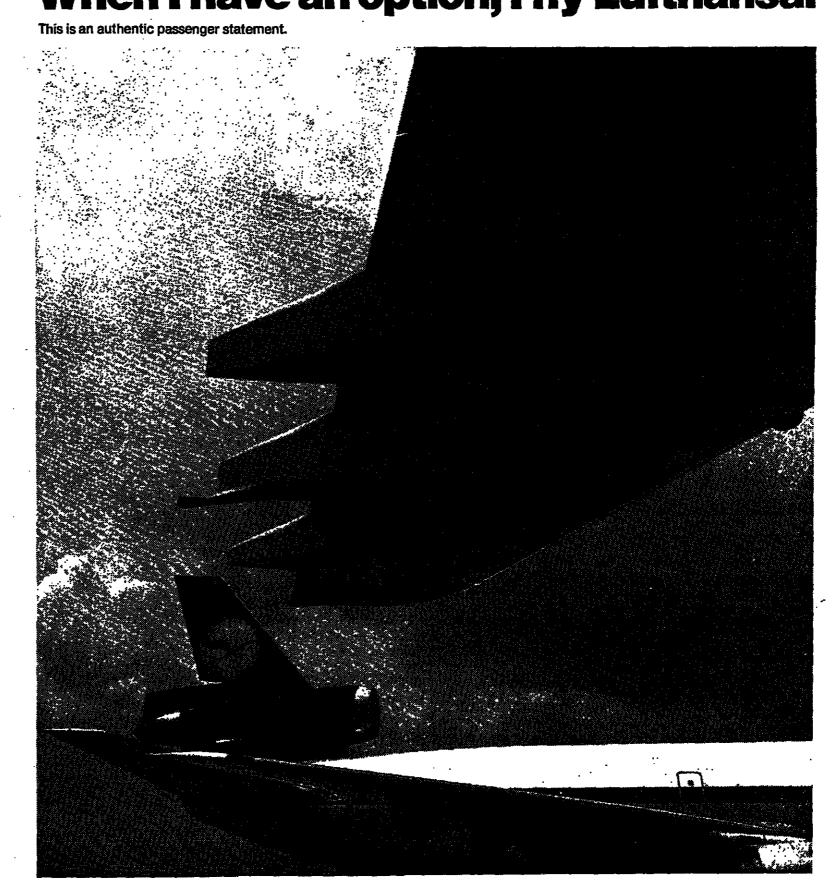
aimed entirely at young people.

mixtures of programmes to see whether larger late-night audi-ences can be identified. One obvious option is to broadcast old

Yorkshire may now try different

Mr Leach believes the experiment was a success and the in-formation obtained will help plan a regular late-night service which could start by April.

# "When I have an option, I fly Lufthansa."





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due 1992

NOTICE IS HEREBY GIVEN, pursuant to the Terms and Conditions of the captioned issues, that USS 1 000 000 principal amount of Series A Notes have been drawn for redemption at 101% of their principal

The serial numbers of the 1 000 Series A Notes of US\$ 1 000 each, drawn for redemption and representing

# Shipyard fails to win backing for Indian order

AN ABERDEEN shipyard has apparently failed to win government financial backing for a £150m Indi-an export order which it says would

Executives of Hall Russell, the warship yard privatised last March, are this week meeting Indian officials in New Delhi where they are competing with Singapore and Korean shipyards to supply offshore protection vessels to the Indian Department of Petroleum.

Last month, they claimed their rinancial aid from their own govern-

They backed up their appeal with a letter to the Prime Minister. However, the Department of Trade and Industry, while not re-jecting the request out of hand, says it sees no justification for approving aid. Officials said yesterday they had no evidence of govern-ment help for the Far East competitors, one of which, Singapore Ship building and Engineering, issued a public denial that it enjoys govern-ment aid in this or any other proj-

Last month, they claimed their rial aid would also be inappropriate vals were backed with "massive" fifor what is regarded as a military, rather than civilian, shipping order ments and that Hall Russell could Nor could such help be considered only compete on price with help until it had received a direct formal from Britain's Overseas Develop-request for it from the Indian aurequest for it from the Indian authorities.

# Motorcycle slump 'fault of makers'

JAPANESE motorcycle and moped for the collapse of the UK powered two-wheeler market, according to a survey of UK dealers by the Motorcycle Retailers Association (MRA).

The trade fears that this year to tal sales could fall below the 100,000 mark, continuing seven years of de-cline from the 315,000 sales

The annual survey by the MRA, which represents the bulk of the UK retail trade, found that 77.3 per cent of dealers believed that new machines had become too expen

Japanese makers dominate the market, with a combined share of around 90 per cent, and the main thrust of their competition has been to seek to outdo each other with advanced products.

However, these have failed to timulate the market, while recent ly price have seen forced higher by the sharp appreciation of the yen against sterling.

age group, the main purchasers of powered two-wheelers, was ranked second as a cause of decline - but identified by only 58.7 per cent of

Writing in the trade publication Motor Cycle Dealer, Mr Neil Marshall, the MRA's economics adviser who organised this year's survey says the suppliers have a hig enough stake in the UK "either to take a long-term view on rebuilding a significant new machine market in this country, or to rethink their UK marketing strategy vis a vis the range and complexity of products imported into this country - or both.

The survey shows that fewer than one in three dealers expected profits to increase while about 40 per cent expected them to decline.

## Car dealers extend financial services range

By Kenneth Gooding

THE 400 Volkswagen and Audi car dealers in the UK are to extend the services for which they act as agents to include life insurance, pension schemes, school fee sav

ings plans and mortgages.
VAG (UK), the Lonrho subsidiary which imports the West German cars, already claims to operate the largest in-house motor insurance scheme of any of the major vehicle

Through its dealers VAG sells about 110,000 new cars a year and about twice as many used cars which, according to Mr Rodney Clinch, the company secretary, gives access to at least 500,000 po-

By the end of this month those ers will be offered a wide range of financial packages as well as the motor insurance, extended warranty and recovery schemes which VAG has operated for many

Dealers will put potential clients in touch with another Lourbo subsidiary, F. E. Wright UK, a Lloyd's broker, and in return collect a

Mr Clinch said that VAG currently retains 85 per cent of its insurance customers compared with an industry average of 60 per cent. We feel we can do the same with other classes of insurance." he said. The company has just widened its motor insurance programme to include cover for £25,000-worth of

legal costs for third party and per-sonal injury claims, making no extra charge for the added protection.

# Contract awarded for sale of satellite pictures

tract to sell pictures of Western Europe taken from outer space, Peter Marsh writes.

The pictures, taken from two US Landsat satellites, provide information which can be used for napping, military surveillance, nonitoring of crops and the evalnation of mineral deposit

The consortium, led by Hun-ting Technical Services, of Boreod, north of Lond been told by the 11-nation European Space Agency (ESA) that it can take over distribution of the data sent from space to three Eqcan sent from space to three Eu-ropean ground stadious. In the past, the ESA itself has been re-sponsible for selling the informa-tion, the higgest customers for which include oil companies, local authorities and military orga-

The other me sortium are Telespazio, an Italian government-owned company which operates satellite syste the Swedish Space Corporation, Spot Image, a Toulouse company which operates France's Earthmapping satellite; and the DFVLR, a state-owned aerospace research organisation in West

According to Mr Donald Chambers, managing director of Hunting Technical Services, the companies plan to set up a joint organisation, Eurimage, to handie the sales of the space data. anies are still talking with ESA about the final details of a contract for selling the infor-

Sales of data sent to the three European ground stations -which are in Fucino, Italy; Kiruna, Sweden; and Maspa the Canary Islands - are very small, at less than 51m a year. ESA decided to involve an out-

side organisation in distribu the information, in the hope that more professional marketing techniques will increase sales Eurhnage, when it is properly constituted, will prepare a mar-keting plan and also arrange the details of a deal with ESA under which the agency obtains a share of total revenues.

At present, most of the cash from Landsut sales is kept by ESA. The agency also has to pay a royalty on sales to Eosat, the US company which operates the satellites, data from which are received by a total of about 12 world. Total revenues for Eos joint venture between RCA and Hughes Aircraft, two US aero-

\$15es a year. The small sum obtained from sales of Landsat data sent to the European stations does not begin to compensate for the cost of op-erating the equipment. This is paid out of ESA's budget of roughly \$15m a year, ESA chose the Hunting-led consortium after inviting bids

from outside concerns for running the receiving stations. The only other bidder seriously in the ing for the contract was another consortium, led by Sodeteg, a subsidiary of Thomson, the French electronics concern.

# Doubts on British role in European space plan

PUBLICATION of a plan for Britain's activities in space over the next decade has been delayed, cast-ing doubt over the degree to which the UK will participate in an impor-tant European programme, the de-velopment of the Hermes space

The plan, which was due for pudication before Christmas, is now unlikely to receive the ble ministers until early February. Ministers have asked for more information from civil servants on how space projects fit in with other ent research and develop ent activities, and also on the like ly commercial benefits arising from ctraterrestrial ventures.

It is believed that ministers are also cautious about committing themselves to new programmes which would raise substantially the country's space budget. Britain spends on civilian space ventures about £100m a year, a total which could rise by 70 per cent by the early 1990s if all the elements in a draft space plan drawn up by civil servants are approved.

The cash is spent on projects such as satellites for telecommuniexperiments and contributions to



Mrs Margaret Thatcher: keeping ži on developments

European programmes. Much of the new UK spending envisaged by UK officials involves commitments to new European projects, which are administered by the 13-nation communication space Agency (ESA) and Mrs which include the design of the Columbus orbiting laboratory and continued developments of European Att tinued developments of Europe's

new European projects. This is a plan to design Hermes, a manual space vehicle which is due to reach orbit on top of an Arrane rockes. Most of the other ESA countries declared an interest in the project

last month, with work by industries in these nations starting as a result. The work is aimed at defining design details for Hermes, before a further decision due this summer on whether to build the craft at an estimated cost of £2hn to £3hn.
Mr Geoffrey Pattie, the industry

minister responsible for space tech-nology, has been reviewing the draft space plan, drawn up by offi-cials in the British National Space Centre, since July.

Since then, other ministers, in-cluding Mr Paul Channon, the Trade and Industry Secretary, and Mr Kenneth Baker, the Secretary for Education and Science, have become involved in the exercise, with Mrs Margaret Thatcher, the Prime Minister, maintaining a close inter-

At the start of this month the ESA expanded its membership by The most immediate result of the two countries, with Norway and delay in the UK space plan is that Austria joining the 11 nations al-Britain is still unable to tell the ready in the agency.

#### Company Notices

**EUROPEAN ECONOMIC** COMMUNITY ECU 50.000.000 11 5/8% 1983-1993 **BONDS** 

We inform the bondholders that the redemption instalment of ECU 6.250.000 nominal due on February 7, 1987 has been satisfied by a drawing on December 9, 1986 in Luxembourg in the presence of an huissier.

The bonds will be reimbursed at par on February 7, 1987, coupon due on February 7, 1988 and followings attached, according to the modalities of payment on the bonds. The numbers of such drawn

bonds are as follows: 19.764 to 25.042 31.293 to 32.263 The bonds called for re-

demption on February 7, 1986 were as follows: 25.043 to 31.292 Amount outstanding after

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The notes will be reimbursed, coupons nr 7 due February 15, 1988 and followings attached according to the terms and conditions

THE PRINCIPAL PAYING AGENT SOCIETE GENERALE ALSACIENNE DE BANQUE

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LUXEMBOURG

of the notes.

NOTICE OF MEETING TIME ASSURANCE SOCIETY NGTICE IS HEREBY GIVEN that SPECIAL GENERAL MEETING of the above Society will be held at the Registers Office on Thursday 22nd Lensary 198 at 9.15 a.m.

USSSOC.000.00C FLOATING RATE SENIOR NOTES DUE 1999

In accordance with the provisions of the Notes, Notice is Hereary Given that for he mirecus period from December 31, 1986 to January 30, 1987 the Notes Carry an interest rate of 7ths per cent per ansum. The interest payable

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The Notes drawn for redemption will become due and payable on February 6, 1987 together with accrued interest for the period from February 13, 1986 to February 6, 1987. On and after February 6, 1987 the Series A Notes so redeemed shall cease to bear interest. As of this date, the outstanding principal amounts are:

Series A Notes: US\$ 6 000 000.-Series B Notes: US\$ 94 117 000 .-

Zurich, December 23, 1986

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West German venture capital

# Cautiously prodding at a mentality

TVM, with the backing of the giant Siemens group, is a trailblazer in backing small ventures. Andrew Fisher reports

IN THE fast-moving world of venture capital, West Germany "But here in Germany, we has hardly progressed beyond the starting line compared with show that venture capital does the strides made in the US and not mean just losing money

The fledgling state of venture capital in Germany reflects the innate caution of the business world, where daring and adven-ture—though certainly present -are not words that spring readily to mind.

agement (TVM), one of the earliest and best-known venture capital firms in Germany. "We don't have it, but in seven or so years' time, we see the potential for some of our investments to become big busi-

The managers of TVM and other such concerns in Germany are well aware that ven-ture capital still has to be sold to a large part of the business community. Unlike the US, it is national corporate and financial

Hence the tendency to adopt a not-too-aggressive, almost softly, softly approach in Ger-many. Not only was it hard to find the right managers to run venture companies like TVM, but the task of persuading big German groups to invest also had to be tackled correctly.

Today, TVM, in which the giant engineering and electronics group, Siemens, has a major stake, has funds of DM 166m (\$83m) for investing the German and foreign comin German and foreign com-panies. Nearly half of this has

already been spent and TVM will be more or less fully invested by the end of next By the standards of venture capitalists in the US or UK, Munich-based TVM is going at a fairly cautious pace. None of its investments has gone bust. While this gives TVM cause for satisfaction, it has brought criticism from outside Germany that the investment policy is too circum-

"In the UK," notes Kaleschke, "people say it's too good not to have lost an investment, meaning 'you don't lose, if you don't dare'." From

and spending on risky things, but westing after thorough investigation.

Since Germans are nothing if not thorough, the risk element is clearly diluted compared with the more freewheeling, often playful, spirit apparent on the US scene. But for an operation like TVM, adds Kaleschke, "It might be a positive sign that we Yet the concept is gaining ground fast. "The US has a like TVM, adds Kaleschke, "It might be a positive sign that we have not lost an investment."

TVM has invested in 18 com-TVM has invested in 15 com-panies in Germany and one in Austria. Overseas, it has direct stakes in 15 firms, including 13 in the US. TVM has also invested in venture capital funds in the UK, US, Japan and Singapore.

In Germany, most of the investments have been in startvestments have been in start-ups or firms just past that stage. The size of the injection ranges from DM 500,000 to DM 2.5m, and TVM's policy is to take only minority equity stakes, leaving the founders and man-agers of the investments with a responsible role. Where they may lack accounting strategic or other skills, TVM puts in time to help them. On average, this amounts to around two days a week.

Not surprisingly, the emphasis is on high technology sectors such as computers, elec-tronics, and communications. TVM was one of the first investors in European Silicon Structures (ES2), the microchip company set up in 1985.

With Siemens, also based in Munich, as one of TVM's shareholders, the electronics connec-tion might seem an obvious one.

The other partners in TVM are the Munich-based Matus-chka Group (headed by Count Albrecht Matuschka, an ardent advocate of financial and corporate innovation), TA Associates of Boston (with which TVM co-operates in its US investments), and David Cooksey, a London-based venture capital "When we invested to the control of the c



other funds or offering straight development contracts

But TVM is at pains to stress ing company. TVM now has a its arm's length relationship with Siemen's, which holds its stake through VCB (Venture Capital Beteiligungeselischaft). processing control equipment.

DM 5bm a year—venture capital forms only a tiny part of its activities. But Siemens' executives insist that it is serious about venture capital, and not

a London-based venture capital expert. TVM's management also has a small stake,

Siemens played a key role "When we started getting involved," recalls Jochen Mackenrodt, Siemens' vice president responsible for sub-

in helping to set up TVM, but sidiaries and venture capital, the latter is only one of the "it was practically unheard of group's venture capital activities. As well as investing in other funds or offering There were no buy-outs then

other funds or offering straight development contracts to promising young companies, it also has its own incubators tyle operation to prepare firms financially and managerisity for the harsh outside world.

So far, two companies have been spun off from within Slemens own research departments after passing through the incubator stage. The first was ICT, an integrated circuit testing company. TVM now has a 49 per cent stake in ICT, but is not involved with the second

not involved with the second spin-off, TPS, which makes data processing control equipment.

For a company the size of Siemens—its total research and development spending exceeds DM 5bm a year—venture capital forms only a tiny part of its activities. But Siemens of the second DM 5bm the second DM 5bm are tiny the size of the second DM 5bm was raised from foreign institutions and industrial groups from the US. Japan, and Europe. "We needed the support of

some conservative German groups," comments Mackengroups," comments matter, a nasty word," says Kaleschke, choicest companies. The fact that German companies identified with some leave the bigger companies, or their that might be crazy or leave university and start their of exit possibilities.

unusual made it possible to obtain management trust, so that the whole thing was not seen as a possible disaster or a joke."

TVM is now well past the

stage of finding it hard to re-cruit the right managers—it has four managing directors and 12 full-time company experts— he adds. "Now. we get letters every week from bright young people." Before, people were frightened of leaving safe lobs with good pay and long holi-

The changed political and investment climate has stimulated interest in venture capital, with the conservative Government in Bonn-expected to be re-elected on January 25
encouraging the development
of financial markets and easing companies' tax burdens. Also, high unemployment has caused young people to consider start-ing their own businesses and working outside the corporate establishment.

"Entrepreneur is no longer a nasty word," says Kaleschke. "People now dare to go off and leave the bigger companies, or

own businesses." For investing companies like Siemens, venture capital also offers an insight into new technologies. Other German groups like BMW and Nixdorf have developed strong venture capital interests of their own.

The Siemens spin-offs have the same aim of combining an eventual profit with a so-called eventual profit with a so-called window on technology, the difference being that ITC and TPS—a third spin-off is likely in a year or so—sprang from in-house research projects. Siemens felt they would not become big enough to warrant further development by the group, but were promising enough to be given a chance in other hands.

in other hands.

Since both TVM and
Siemens' own venture capital
activities are so new, it is too
early to judge whether they
will pay off handsomely or not.
Kaleschke, himself a former
manager on the acquisitions
side with Siemens, says TVM's
investments in Germany are
mostly many break-even, with mostly near break-even, with some showing spectacular sales

Of TVM's funds, two-thirds (DM 108m) are being invested in Germany, or its German-speaking neighbours. The other DM 58m is going further afield, mainly in the US. As well as seeking prospects in the US, TVM helps its German com-panies gain a footbold there. Hellmut Kirchner, the TVM managing director in the US working with TA Associates, says the hardest task for young German companies is not so much entering the US market, but staying there with the right service and administrative back-up. "We do a lot of hand-holding."

TVM also helps its US com-panies if they want to move into Europe. On both sides of the Atlantic, its money is being invested for 10 years. After that, in the mid-to-late-1990s, venture capital should be an integral part of German business life. With more firms going public and stock markets being modernised to widen investors' interest, TVM may be able to float some of its icest companies. For TVM to realise its investments, says Kaleschke, "we have to think

# Alta Berkeley raises \$32m in its third funding

Once again, the three major fund investors are Citibank, Manufacturers Hanover and Harvard University, and investment policy is to continue to concentrate on the electronics and health care sectors.

However it has been decided not to invest further in the US (where there are three invest-(where there are three invest-ments and the key investors already have a substantial exposure) and perhaps to con-sider opportunities in Scandin-avia for the first time. Existing investments are in the UK. Irish Republic, the Netherlands. Belgium, West Germany and

Since it aims to balance its portfolio, Alta Berkeley will be looking to back start-ups as well as established young companies which are seeking funds for

particular developments. The latest fund compares continental Europe.

VENTURE CAPITALISTS, Alta Berkeley Associates, which in the past three years has completed 27 investments in the UK, continental Europe and the US, has just raised its third fund, this time for \$32m.

Once again, the three major fund investors are Citibank, Manufacturers Hanover and investors are citibank, Manufacturers Hanover and investors have participated directly in second-round financing).

In the electronics sector Alta In the electronics sector Alia Berkeley has put money into various software companies and others involved in such things as fibre optics—but no computer companies. Health care companies, which have absorbed the lion's share of investments, involved the property of the companies. involved include those involved in pharmaceuticals advanced surgical devices, orthopsedics and

diagnostics. Though UK-based. Alta Berkeley has raised most of its funds outside the country. This is in contrast to a number of other UK venture capitalists, though the more recent trend has been to internationalise the funding base and source of investments, with many funds showing a greater interest in

# BES feels the squeeze

The latest issue of the BES Magazine suggests that fund managers are already finding that the new 50 per cent limit on unencumbered land, building, plant and stock imposed by the 1986 Finance Act "affects many potential investments regardless of the type of busi-nes or its location." But the nes or its location." But the magazine does not lay all the blame for the slowdown on legislation. Among other reasons, it suggests, are that

expertise.

LEGISLATION has clearly had give rise to problems with the a substantial effect on the growth of Business Expansion Scheme funds. By the end of November the number of funds closed (including open-ended scheme on research and devented to the substantial effect on the growth of Business Expansion in the complex BES legislation, causing them considerable extra work. This is particularly so with expansion into overseas markets. Modifications to the contents of the substantial effect on the growth of Business Expansion with the substantial effect on the growth of Business Expansion with the growth of Business Expansion with the complex BES legislation, causing the growth of Business Expansion with expansion into overseas markets. Modifications to the growth of Business Expansion with expansion into overseas markets. Modifications to the growth of Business Expansion with expansion into overseas markets. Modifications to the growth of Business Expansion with expansion into overseas markets. Modifications to the growth of the g schemes) was just eight, com-pared with 18 at the same point etc, have not been back-dated to apply to earlier funded com-panies."

The magazine sees this absence of back-dating as an anomaly giving rise to enormous complications for fund managers and it raises the question of why the Government seems "so fixedly" against direct retrospective application of any new legislation.

There appears, says the magazine, to be a rumour that the Government is going to put a limit of film for new shares some fund managers are limit of film for new shares "having to spend their re- qualifying under the BES for sources in looking after their any single company. "This investee companies. Parti- will lead to a lively debate becularly where companies are tween the small firm lobby moving through growth phases, groups and those who believe the fund managers need to pro- that many RES investors will vide additional management not support the smaller firms without being able to diversify "The expansion may well into less risky investments."

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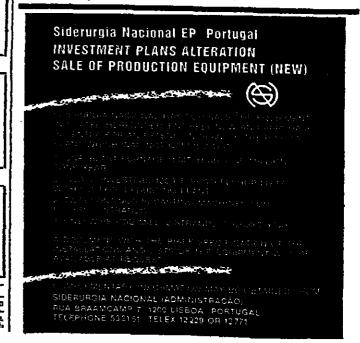




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# Better surroundings bring greater sense of security

Peter Marsh reports on a more efficient way to stop criminals breaking into buildings or breaking out of prisons

security system for detecting whether people are crossing barriers such as fences.

The equipment, a set of wires linked to control boxes, may also have applications in protecting from intruders buildings such as banks or factories. The wires can be furied in brickwork or roofs and are claimed to be sensitive enough to detect vibrations caused by anyone attempting to between the poles are a pair of conductor wires, together with two inductor wires, together with two inductor wires, together with two inductor wires which are free to move in an air gap of about 1 mm.

When the cable moves, the find induces a current in the US. According to Mr Bill Lynch, marketing manager at the company, Guardwire is "an advance on anything else available" for fence detection systems.

Chubb Alarms, a leading British security appliances company, is also selling Guardwire on Geoquip's behalf. Mr Alam Williams, sales manager, says

Guardwire, produced by Geoquip, a company in Wirksworth, Derbycompany in Wirksworth, Derbyshire UK, the system appears to be a major advance on the type of wire-based security installations featuring coaxial cables, which have been available for about 15 years. Here the cable is fitted along the line of the perimeter that is to be protected, attached to a fence for example. Vibrations caused by movement trigger caused by movement trigger voltage changes, with the cable basically behaving like a microphone which can be analysed electronically to warn of activities like a prisoner scaling a prison fence.

January 6, 1987

material that act as the poles of a permanent magnet. In between the poles are a pair of conductor wires, together with two inductor wires which are free to move in an air gap of about 1 mm.

False alarms are a problem with all kinds of devices used to protect buildings and other to protect buildings and other installations. For example, a fence through which is threaded a security wire can easily vibrate in the wind, or because a small animal such as a rabbit has bumped into it. Separating such incidents from real alarms can be difficult.

According to Mr Peter Elliot, Geoquip's managing director, Guardwire is more sensitive than coaxial equipment, as a result of the lower impedance (effective electrical resistance) of the magnetic system. It also duces fewer spurious signals in the form of electrical "noise."

GUARDS in charge of prisons and military installations may wire system uses a different alarms becomes easier.

The cable in the new Guardalarms becomes easier.

As a result, screening out false alarms becomes easier.

Geoquip's claims for Guardalarms becomes easier. Geoquip's claims for Guard-wire have impressed Del Norte.

a security systems company in Dallas which has agreed to sell the equipment in the US.

Williams, sales manager, says the system is a definite improvement on coarial systems, which are sold by companies such as Perimeter Products and Stellar, both of the US. "They (Geo-quip) have done an incredible job," says Mr Williams.

evaluation at several prisons and military bases in the US. A typical system might encom-pass 6 km of wire, divided into six zones, each with its own box of electronics to interpret signals from 1 km of cable. The total installation cost would be roughly £15,000, which accord-ing to Geoquip is similar to the cost of fitting a coaxial system. Geoquip has annual sales of peting with a range of ever

Guardwire cable is under

about £500,000 and moved into security systems after initially protection gadgetry used to specialising in instruments to register changes of capacitance in cable. This equipment is clude lengths of pipe buried underground which are filled with fluids. If anyone walks that carry signals in seismic surveys.

According to Mr Elliot, the Other systems use microwaves. According to Mr Elliot, the total world market for external fence protection hardware adds up to around £5m a year, with coaxial equipment being the most popular system.

Guardwire will also be comspecific area.



Other systems use microwaves or TV techniques, the latter involving sophisticated pattern recognition software to inter-

pret images and warn whether people are moving through a WORTH WATCHING

# Edited by Geoffrey Charlish

#### WORM's eye view of the archives

Although CD-ROM (compact disc read only memory) is attracting much of the limeattracting much of the inne-light in the optical disc arena, a British company, Computer and Aerospace Components (CACL) of Chessington, Surrey, emphasises that in most office applications, the WORM (write ence read many times) system is needed to meet accumulative archiv-

ing needs.
With WORM, personal computer users can write (or scan) new documents ento a disc. CD-ROM on the other hand contains a single, albeit very large, slot of non-updaton the disc in a factory. CACL has already sold its \$4,000 5.25-inch WORM unit to British Petroleum, Uni-

lever, Telephone Rentals, Saudi Interpational Bank. Britain's Channel Four television and the UK Govern-ment's Central Computer and Telecommunications Agency.
The CACL device, called
Intelligent Archive, is based on a WORM drive made by Information Storage Incorporated (IS1) of Colorado Springs in the US. CACL adds software and, for £7,000, offers a complete document image processing system which addresses both text and

images from a personal CACL's customers are using the 200,000 page per disc, easily-accessed capacity of intelligent Archive to reduce the amount of office space taken up by paper and make information more readily available to users.

IF ALL of the more reliable sources of prediction are correct, the consumer video market in Britain reached a magic moment at the end of 1988. By then, a little over 50 per cent of television households possessed a video cassette recorder (VCR). This relatively new soldition of hardware to the inventory of necessary luxuries for the Western family has achieved acceptance in under 10 years—a mere 35,000 existed in UK homes in 1977 against the expected 1986 total of 10.3m.

With the exception of Japan.

The video software

fast-forward button

industry presses

price decline, the so-called "self through" quick turnover market. Mr Steve Bernard, managing director of RCA/Columbia Video in the UK, predicts that in 1987 higher pricing for both sale and rental will begin to reappear for lead titles. Indeed, the price of Sylvester Stallone's sim Columbas already hit the With the exception of Japan, the rest of the world has been slower in reaching such figures. According to Screen Digest's film Coord has already hit the According to screen Digest's most recent six monthly survey, among developed countries France still trails with a probable VCR penetration of only 22.6 per cent by the end of 1986, and even the US is still well under the 50 per cent figure at about 45 per cent of TV homes. £50 mark.

What the pre-recorded video industry is doing is still trying to discover what the market will bear, and for which products. Prediction in this strange business follows few of the old

FILM AND

VIDEO

by John Chittock

Japan, the UK and to a lesser extent Australia, West Germany and the Netherlands, have led the introduction of VCRs but other countries are starting to make up lost ground. For example, in 1986 the anticipated annual growth of VCR installations in countries as economically diverse as India and Italy was 57 per cent and 65 per cent respectively—still low in the actual number of video recorders, but trying to catch up fast.

This is singularly good news for the suppliers of prerecorded programmes, which only a few years ago regarded the video market as an irritation rather than an opportunity. Now, however, a feature film can gross more from video sales and rentals than it can at the cinema box office.

Some measure of the size of the market for pre-recorded programmes comes with a claim from Walt Disney studios that Sleeping Beauty—a film first released 27 years ago—has so far sold in the US nearly 1m video copies at \$29.95 each. In the UK, the video duplications have the control of the UK. ing houses worked round the clock to meet pre-Christmas orders, even having to sub-contract to continental duplicators. Market leader Rank Video Services despatched a

norms of Wardour Street and Hollywood. Who would ever believe, for example, that a US trade publication—Home Video Publisher — could have un-covered, as it has, a list of the 12 top-selling video-cassettes on wrestling? And in the UK Virgin is selling 400 copies per week of Becoming a Family—a video introduction for expectant fathers and mothers. Part of the team responsible for this programme are also distributing
—through Guild Sound & Vision-another title that looks a winner, Gone Today . . . Here

Tomorrow, a programme for managers on how to deal with the crucial subject of absen-

The video market is proving that anything goes, especially if it is something not readily available on television or in the cinema. And the more unusual the subject is, the higher the

teeism

price it can carry. Indeed, the market for pro-grammes looks as if it is now beginning to dominate the video business. But the hard-ware manufacturers are still

fighting battles of their own

The good news is FERRANTI Selling technology

in efforts to tempt consumers

This year will see increase nsumer demand for camera ssette recorders (CCRs). The consumer demand for camera cassette recorders (CCRs). The battle lines are sharply drawn between VHS and 8 mm—the rival formats now available. Sony and its 8 mm supporters are about to be challenged more vigorously by the arrival of a generation of VHS CCRs which use CCD (charged couple device) image sensors instead of tubes; this cancels out a technical advantage which the Sony family of 8 mm cameras employed right from the start. JVC's new CCR, the GR-C7, despite using the larger cassette format of VHS—the de facto standard of world VCRs—is also smaller and lighter than Sony's 8 mm rival. But the latter remains a superbly engineered instrument, even down to the carrying case—whereas JVC's latest has been clumsily put into a difficult-to-open plastic case that appears to have been designed to be user-hostile.

Minor details such as

Minor details such as this may govern the outcome of hardware contests, where so often the best product does not always win. In the early competition between video-cassette recorder manufacturers, three non-compatible systems were in the race for consumer acceptance — Sony's Beta and V2000 better than Philips V2000 format. Many technical experts voted both Beta and V20000 better than VHS; but the latter has emerged supreme.

In the CCR battle for con-sumer hearts, however, JVC has a product which deserves to succeed — if only to preserve sanity in a world of proliferat-ing technical standards. However, it is a product which consumers could reject in favour of 8 mm simply for cosmetic and ergonomic

For the consumer video business, it exemplifies how marketing skill could become more important than technological brilliance—just as in video programming creative excellence is not enough in the face of clever sales strategies. The consumer is now saturated with choice in both bardware system and pro-grammes and it is the market-ing men and the industrial designers who will determine the future.

#### **US** quick-step to polymer design

TAILORING TAILORING polymer materials to suit particular applications, in terms of mechanical, electrical and thermal properties, has thermal properties, has usually been a matter of trial and error and can be both time consuming and expen-

But now, a team at AT & T Bell Laboratories in the US has written a computer model that will predict the proper-ties of a polymer. It is based on such factors as the temperature at various stages of mer's molecular structure.

Furthermore, supplied with the results of just a few minutes spent testing the effects of stresses applied at various rates and temperatures, the model can predict the long-term behaviour of the polymer.

#### **Engineering bodies** agree to merge

THE PROPOSED union of two major UK professional engineering bodies, the Insti-tution of Electrical Engineers (IEE) and the Institution of electronic and Radio Engineers (IERE), has been given an overwhelmingly positive vote by both memberships,

The new 100,000-strong body, to be efficially formed on October 1, 1988, will be known as the Institution of Electrical Engineers and will be the largest UK chartered

engineering body.

The move has been under discussion for three years.

#### Sears adopts Racal credit card system

SEARS, the UK retailing group, is running 200 Racal credit card authorization ter-minals at Selfridges in London and several other of its stores. The Sears' scheme uses an ON/2 financial transuses an Ord/2 manners trans-action processing software. system from Logica, the UK systems house, running on a fault-tolerant IBM System/88 mainframe computer.

After a customer's card has

After a customer's card has been "wiped" through the authorisation terminal it is computer checked (against stolen card lists and credit limits for example). Billing and accounting then takes place and the customer is issued with a sales slip. The systems within the stores can communicate with stores can communicate with each other over the telephone networks provided by both Mercury and British Telecom. The System/88 can also exchange data with the IBM

#### A link with shape of things to come

GT Teels, a small Nottinglans, UK company supplying moulds to the plastics indus-try, is using a Graphtek com-puter-aided design and manu-facturing (CAD/CAM) system with direct convention to a with direct connection to a machining centre supplied by Japanese - based Machinery (UK).

tively unusual in the UK, although most of the major CAD/CAM companies offer them. GT Tools says that its system allows it to accept more complicated mould design work cost effectively.

Graphical information about the part for which the mould is to be made usually arrives at GT Tools en a magnetic tape recorded using IGES (initial graphic exchange specification, a widely accepted standard for the exchange of CAD data). The tape is fed to the Graphtek equipment where the mould can be designed round the part.

CONTACTS: CACL: UK, London, 397 5311. Logica: London, 637 9111. Bell Laborstories: US, (201) 564 4097. Yamakaki: UK office. (806 57024. The

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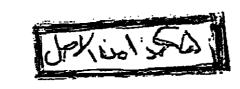
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# Two out of season gems

proper still a week or two away. part metal of various kinds, Nor the time at all, perhaps, to worked more by forging judicicatch the general eye with any major new departure or initia-tive. But there is no gainsaying optimism or perversity, or per-haps the bare exigencies of the timetable, and it so happens that the few weeks before Christmas saw two substantial additions, enhancements even, to London's galleryscape, which each at another time might have commanded immediate

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at the Royal College of Art at the very end of November, where the remodelled and ex-tended ground floor of the main tenued ground noor of the main tower on Kensington Gore was officially opened at last as the Henry Moore Gallery. It is a manifestly useful space, with plenty of natural light, open and adaptable and even handsome, given that it has been converted rather than designed. converted rather than designed from scratch. Sculpture suits it particularly well, and for it to be named after the college's late and most distinguished alumnus is no less appropriate than it is obvious.

The inaugural exhibition is

indeed of sculpture, an elegant and succinct retrospective of

the way such intractable stuff is analysis we no longer really twisted and beaten to the artist's purpose. The imagery is ambiguously abstract, for while it remains usually lined and analytical, which can general and unspecific in its only be called old-fashloned, reference it was recreitmently though in the best sense for reference, it is yet persistently and oddly figurative by associa-tion. The ideas which inform so much of the work may be but the imagination is quick to gloss them by reference to the animal and vegetable worlds;

Kneale openly acknowledges the connection by the most direct of means. He had been a painter before he took to a painter before he took to acculpture as his principal medium of expression, and while that later and substantial body of work is in no sense diminished here by comparative familiarity, the greater surprise and pleasure in this show are



Bryan Kneale and Ring 1975

This is inevitably as miscel-laneous a time of year in the art world as it is elsewhere, Sculpture School at the Royal the last year or two he has been with many exhibitions and gal-leries hung over, as it were, for demy's Professor of Sculpture. birds, animals and fish on dis-the holiday, with the new season The material is for the most play in the museum, and here proper still a week or two away. part metal of various kinds, he shows about 30 of the larger worked more by forging judici-ous castings and assembly than beautiful drawings in them-by carving or modelling. In the selves, but wonderfully accomearlier work especially, there plished in ways of seeing, as is much of the smith to it, in well as habits of study and though in the best sense. For they stand in that honourable tradition of visual curiosity, which takes us back to Stubbs and his striped horse carcasses and beyond to Durer and Leonardo. The strongest image for me is of the skulls of three of the higher apes, but closest to the sculpture seem the spindly herons and flamingoes. The show's run has been

> The Toshiba Gallery of the Victoria and Albert Museum was opened by Princess Alex-andra in the week before Christmas. The name rightly acknowledges the generosity of the sponsoring corporation—it is not only the eye-catching temporary exercise that calls for enlightened support. The V and A is extraordinarily rich in its holdings of the applied in its holdings of the applied and decorative art of Japan, especially of the Edo period, which lasted up to 1868. The mass of the material was acquired direct by commis-sioned and comprehensive pur-chase in the late 19th century and then by bequests of specialised collections in the early 20th century. But no primary gallery in the museum was ever made available for any ade-quate display, and no more than about 5 per cent was ever regularly on show.
>
> The new gallery is effectively

an integral structure designed by Paul Williams and dropped nto room 45, one of the main high Victorian exhibition halls. Its significance lies not simply in the opportunity it now or so, a healthier fraction of the whole, but in the more oherent and rational representation of the collections. The displays, of course, will be changed from time to time, shifting in emphasis as the range of the material is



Kimono for a Child, 18th or 19th century

based on these collections and is beautifully illustrated in colour. But the emphasis in the Toshiba Gallery is placed not so much upon exposition and education as such, but properly upon the objects in the showcases, seen as the works of art they are, from the early ceramics and metalwork, the Buddhist scripture and samurai armour, the furniture of the tea ceremony, the lacquer and porcelain, the wood-block prints

and the ravishing kimonos, at last to the lacquer and ceramics of the contemporary Japanese and the ravishing kimon

The Cornerhouse in Manchester is not new exactly, but at little more than a year old it is already a major provincial institution. Of its three current exhibitions (all until January 18), two are concerned one way or another with the domestic interior. No Place Like Home is an enjoyable anthology of work by 15 young artists who find their imagery and material quite literally at home, though they can hardly claim the still-life as their discovery. The collective rationale, therefore, is less convincing than the individual works taken But this first display is itself than the individual works taken comprehensive enough, set out simply as painting and sculp-

by chronology and category in the quiet and scholarly way of museum orthodoxy. It may be too quiet for some tastes wishing for more obvious entertainment. But even so, it is informed by an unforced didacticism, as all such museum evertices must be and backed.

exercises must be, and backed up in this case by an excellent book. Japanese Art & Design (V. & A, £9.95), edited by Joe Earle, the keeper of the Far Land design for the Lastern Department, is closely and new, the anonymous and the personal by historical constants. the personal, by historical con-tinuity and common preoccupation. Three writers on craft and design, lb Bellew, John Houston and Peter Dormer, Houston and Peter Dormer, were asked to make their personal selections on particular themes — form and function; the chair; the mass-produced and the one-off. And five designers or makers, Arion Bayliss, Alison Britton, Jim Partridge, Michael Bowe and Daniel Weil, made further selections within their own Daniel Weil, made further selections within their own disciplines — glass; ceramic; wood; metal; plastic. The critical idiosyncrasy that thus declares itself is the more stimulating for being so various and serious, too.

The third show, The Oldham Road is of colour photography by Charlie Meecham. He is a deceptively accomplished topo-graphical photographer, for his approach is consciously inclined to show itself only by

approach is consciously undemonstrative and detached, and the strength of his work is accretion and comparitive display. Back-to-back terrace new roads, dumps and demoli-tion sites, old factories, corners of new estates, all come together within his impassive ironical, monocular aesthetic.

### Opera in 1986/David Murray

# Producers hit extremes

Two Handel revivals deserve

Our music critics

complete their assessments of 1986

rethinking staging an opera in wholly unforeseen terms

the work, at least in its essen-tial impact, or may simply leave

it void. I met no pure example this year, but Pierre Strosser's

and catatonic movement it ren-

meanour of grave seriousness. For the Paris Opera Zauber-

flote Monloup's decor was as

trendy set, an irrelevant, domineering nuisance, but it

Serious opera-lovers will put up with a lot, and on balance the operas I saw this year prompted no more gritting of teeth than usual. What has to multinational cast delivered the be put up with varies over the years, of course. I should guess that we suffer much less nowadays from ropey little orchestras, inadequate supportopera with such feeling and such stylish consistency. recalling. Though he composed in England, Handel's terms are ing solists and routine ham foreign now-partly because acting, more from egregious producers and from the allthey were then; he composed Italian operas for London, purpose singing style that goes with continual international enfounding the English belief that what an opera is about doesn't matter. Teseo is a particularly gagements before audiences who don't understand the words. stately and undramatic example, though beautiful, and the English Bach Festival did it proud. With Solomon at the Whatever the merits of the familiar, doubtful claim that music is an "international music is an "international language," it isn't true of opera --not so far, anyway: at best there are ways of making it more or less accessible (or at least effective) to foreigners. Proms Trevor Pinnock and the English Concert had an easier task, relieved of stage pretence, but with Felicity Palmer as An opera has a dramatic text, and that not only comes in a specific language but trails a whole dramatic tradition behind it, even when it means to flout it. Only very old persons can still believe that opera is basically setpiece-songs sep-arated by recitatives, and the dramatic action a mere prop.

In these multinational days, that's the rub—how to present the action. Operas used always (except in eccentric Britain) to be given in the local language, and since they came in stan-dard theatrical forms—light comedy, florid melodrama. comedy, florid melodrams, mythological epic—a standard house-production could (with an established company) be very few operas outlasted their composers long enough their composers long enough to become theatrically dated. But now almost the whole reper-toire is dated, in that sense (and the charms of pure massive spectacle have faded in the glare of modern entertainments): it is no wonder, and no perverse chance, that producers have moved from backstage anonymity into the limelight. And of course, we get extremes.
One extreme is "authenticity", the impossible but valuable aim of recreating an

also had a spirited male cast (females less happy) led with great dash by Gino Quilico and the ripely comic Jean-Philippe At the Coliseum David Pountney did wonders with Busoni's Doctor Faust, which attaches deeply interesting the Coliseum David opera in its original perfor-mance-style (impossible be-cause you can't recreate the original audience). At the Bath Festival, and later in London, music to a theatrically deficient Festival, and later in London, Roger Norrington's Early Opera Group tried that with Monteverdi's Orico (possibly the oldest opera of all). The Early Music movement has made remarkable strides, and the libretto. Some Busoni devotees thought the production flashy; It was, but it also displayed marvellous ingenuity in keeping the pieces alive on the stage, to the benefit of the brightly persuasive, Monte-verdi's rigorous concern with and Graham Clark were heroically resourceful as Faust and the words was not, however, well matched by the company's his Mephisto. The Coliseum Parsifal, produced with some careful insight by Joachim Herz amid clumsy sets, desketchy Italian, nor was the general impression of Renaissance performance well filled out by their British decorum (Guy de Mey's Orfeo scored much higher on both counts). At the Aix Festival Jean-Claude Renchenat's reconstruction of a less elevated work, Campra's "tragédie lyrique" Tancrède, was bolder. With the score in the hands of another period expert, Jean-Claude

Mike Ashman's strenuously sincere efforts to detach score in the hands of another period expert, Jean-Claude Malgoire, he helped himself to modern stage-tricks — and psy-chological detail — without apology, but the production conveyed the pungent air of a long-ago, alien genre. The words Romantic springs; its haunted passion and desperation evapowere made to work (for the French audience), and Pen-

Less radical productions superlative ones); and Gidon deficient for the same extraordinary things with balance of hits and misses. Bartok's first violin-and-piano Peter Hall's Glyndebourne prosonata.

must have been Ostman's doing negra, very straight, was crip-on top of Elaine Pasmore's pled in the grander scenes by gift for casting — that a young the cramped stage, and there was little compensating detail in his directing of the principals. At Covent Garden Visconti's time-honoured version wildly injudicious casting, where John Schlesinger's moderately ingenious version of the Offenbach Hoffman — less starrily cast than before — recaptured the ambigious glitter and moral frissons with a fine cast and Charles Dutoit in the

> Michael Hampe's soft-grained production of Rossini's Barbiere was variously enlivened by Quilico's shame-lessly engaging Figaro and the Turandot, more aggressively re-interpreted by Andrei Serban in the distancing terms of formal the distancing terms of formal Oriental "opera," again took very well to that treatment, which diminishes the sadomasochism Puccini loved with-

out sacrificing the dramatic energy of the fable.

Down the road again at the Coliseum, Graham Vick's idiosyncratic, sober staging of Britten's Rape of Lucretia made its mark once more with a mail. its mark once more with a uni-formly committed cast. The Mary Stuart revival acquired piquancy, at least for the first three performances, by having a last-minute Mary — the Greek soprano Jenny Drivala — who poses, a world away from Jane Eaglen's fretful Elizabeth. Janacek's early Osud is still a riveting experience in Pountney's production, which frames the Daive naturalism of the priorinal Concern within Rozdestvensky)—notably Vinter and the naive naturalism of the son Cole, Danièle Borst and original concept within a Hakan Hagegard—defied it to wisualisation that is more fluid make the drama vitally innoperfectly loyal. Jonathan Miller has turned The Mikado cent and tenderly human. The Aix Don Giovanni had another into a dismissive joke about stage-Oriental jokes: where Gilbert's original notoriously survives repetition, Miller's is only a one-off lampoon — but good enough to earn well-deserved money for the ENO.

Non-operatic music continued to flourish thickly, if unevenly.
All the over-numerous London orchestras, as well as the Halle and Simon Rattle's City of Birmingham Symphony, offered some performances of distincwhen the London vice of under-rehearsal was undisguised (particularly with the London Symphony). We are losing Abbado to Vienna, sadly, and the pros-pect of more years of Sinopoli Herz amid clumsy sets, depended finally upon faultlessly old-fashioned conducting by Reginald Goodall, serene and nobly paced.

nobly paced.
At the Royal Opera another
Wagner, Fliegende Hollander.
survived its new production less
trumps to make a feasible list. There were some series of great achievements—the Borodin's the opera from its a-political, shostakovich quartets, Hermann early Romantic premises also detached the action from its Mitsuko Uchida's Mozart conRomantic springs; its haunted certos with the ECO (crowned) by an inspired K 595). Easier to rated in the marine light-industry setting, and neither cast nor conductor had the authority to summon them back. (featured at Bath), the authority to summon them back.
Berg's Wozzeck fared little
better at the hands of Liviu
Ciulei, for the Welsh National
Opera. Berg's score, still "difficult," is at once defiantly clever
and absolutely at the service of
Buchner's presient play; Ciulei's
visual inventions, evidently
well-meant, drew constant attention to themselves, often ran
behind or ahead of the music
and turned the tragedy of
social deprivation into a conventional tract about bourgeois
hypocrisy.

Less radical productions

Italiant recherché feast at the Almeida
tercherché feast at the Almeida
trecherché feast at the Almeida
trecherché feast at the Almeida
trecherché feast at the Almeida
viola Concerto for Paul
Silverthorne at Cheltenham, a
triumphant bicentenary celebraand his "Age of Enlinghtenmanch formical at Bath), the
recherché feast at the Almeida
silverthorne at Cheltenham, a
triumphant bicentenary celebraand his "Age of Enlinghtenmanch formical at Bath), the
recherché feast at the Almeida
silverthorne at Cheltenham, a
triumphant bicentenary celebraand his "Age of Enlinghtenment" forces. The pianist Craig
Sheppard made a brilliant
reappearance; Maria Joac Pires
and formidable impressions
too (if there are too many
pianists, there are still some
superlative ones); and Gidon
Kremer and András Schiff did (featured at Bath), the recherché feast at the Almeida

# Robinson Crusoé/Opéra-Comique, Paris

with the count Offenbach's determined Dayde) is more or less as we must be count of the Dayde assaults on the Opera-Comique, the disparate opera-buffe and the Dayde assaults on the Salle ing the disparate opera-buffe Market and assaults on the Opera-Comique, has returned to the Salle favart after nearly 80 years. London, meanwhile, has done something to atone for Parisian anglest. with productions are and opéra-comique elements, not so well balanced in Robinas in Les Brigands, now reglect, with productions at the limit confirmed and a Prometions and a Prometions at the limit land a Prometion and a Prometical and a Prometical and a Prometical accordance on the Paris confirmed and a co-production with the land below as a page transfer by the on show at Geneva. Dhery is an intensely physical

producer whose visual gags and puns explode all over the stage. of prolucers' notions of digging for contemporary parallels, one might be distracted rather than well cal liege, is a new version by the call liege, is a new version by the call liege, including John Lanch-

The first act, originally a eisurely exposition in the crusoe amily, with much music and ittle dialogue, is compressed nto a prologue. Bernard leazy street as well as the leazy street as well as the lescribed in the programme as a little English port buried, is it should be, in fog," gets to come-uppance and no misake. The rest (with delightful ake. The rest (with delightful

Michel Tabachnik. The title-role needs more than the average light tenor can always give. Gérard Garino has the voice and uses it, but he remains a lay figure. Not for the first time, Man Friday (amezzo) comes off hest, in a winning disarmingly natural performance by Cynthia Clarey. Danielle Borst is the strong, handsome Edwige.

Marie-Christine Porta and Christian Papis fill in agreeably

designer, uses the same style as his well-remembered Cormen. A solid architectural basic set, in this case a village barn of grand proportions with an inn-gallery and wide doors with changing prospects to mark different The Dulcinée of the efficient, locations, is bathed in dreamy always striking Hanna Schwarz mistiness. As in Carmen a is a shade too hard for this

self go, is in the safe hands of This is a great improvement on people laugh at him. Raimondi the twee, folksy production by sings with sweet smoothness Ustinov mounted here in 1974. like a velvety cello, meeting Faggioni, as usual his own Opéra's solo cellist. So wrapped up is Quixote in his dreams that he sometimes forgets to explain them by means of clear words. No lack of clarity about Gabriel Bacquier's exemplary Sancho Panza.

of producers' notions of digging of producers' notions of digging as the secondary couple, who as the secondary couple, who have good things to sing. Jim delighted. The standard in misal cook, is ripely done by the memorable Vive Offenbach!

The memorable Vive Offenbach:

The memorable Vive Offenbach:

The standard in the directed at this theatre a few years ago, and promising, when the the material is not so rich. Yet visitors have decided who is for once again the fun is hilaritrigger timing.

The score, in which Offenbach, after years of writing for small bands in pocket-size theatres, was suddenly granted a normal orchestra and let him
The Opéra has been giving the agreeably deposited. As in Carnen a is a shade too hard for this gauze curtain dulls the performers' eyes — I have a private coningly showed in the Decca formers' eyes — I have a private coningly showed in the Decca the pot, and the rich French andience), and Penformers' eyes — I have a private coningly showed in the Decca the pot, and the performers' eyes — I have a private coningly showed in the Decca the pot, and the performers' eyes — I have a private coningly showed in the Decca the pot, and the performers' eyes — I have a private coningly showed in the Decca the pot, and the performers' eyes — I have a private coningly showed in the Decca the pot, and the performers' eyes — I have a private coningly showed in the Decca the pot, and the performers' eyes — I have a private coningly showed in the Decca the pot, and the pot, and the pot, and promising, when the dulls voice and words too.

The result is "beautiful," and sheat with which Massenet that, different was common in opera today, we take the pot, anterwood for supper.

The tropical island boasts a choice assembly of wild beasts.

The score, in which Offenbach is for this formers' eyes — I have a private congly showed in the Decca the pot of the pot, and the pot of the pot, and the pot, and the pot, and the pot, and the po gauze curtain dulls the performers' eyes — I have a private conviction (unsupported so far recording, the lady is more as I know by science) that it thoughtless than brutal. Georges

# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts

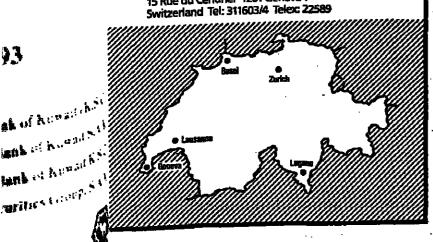
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Opera and Ballet

Royal Opera House, Covent Gerden: The Royal Ballet continues its per-formances of The Nutzracker. Royal Festival Half: London Festival Ballet gives daily performances of The Nuteracker.

Sadler's Wells, Rosebery Avenue: Sad-ler's Wells Royal Ballet continues its season with The Snow Queen fol-

tastroper: A Summer Night's Dresm conducted by Richter; La Boheme conducted by Mackerras with Frent,

Wise, Dvorsky, Hornik, Helm; Die

Fledermans conducted by Neuhold with Ghazarian, Dernesch, Lind. (51 444/26 55).

Volksoper: Madame Pompadour con-ducted by Bibl; Der Opernball con-ducted by Boncompagni; Die Fleder-maus conducted by Bibl. (51 444/26 55).

**NEW YORK** 

Setropolitan Opera (Opera House): The week features Rigoletto con-ducted by Thomas Fulton in John Dexter's production with Mariella Devia, Sherrill Milnes, Dano Raf-fauti and Dimitri Kavrakos; Le Boheme conducted by Julius Rudel in Franco Zeffirell's production with Leona Mitchell, Barbara Daniels and Brian Schezmayder, Die Fiederwith Kiri Te Kanawa, Tatiana Troy-ance and Otto Schenk in Otto Schenk's production; and Madama Butterfly conducted by Gianfranco Masini in Renata Scotto's staging with Miss Scotto, Vasile Modoveanu

New York City Ballet (New York State Theater): Following the final sea-sonal performances of The Nutcracker, the company's 85th season continues with repertoire by Balan-chine and Jerome Robbins, including two of last spring's world premieres by Robbins, Quiet City and Piccolo Balletto, Lincoln Center

veshington Opera (Terrace): The com-pany's season at the Terrace Thea-

tre features Don Pasqule in a new production by Douglas Wager conducted by Cal Stewart Kellogg with Francois Loup in the title role, Pamela South as Norina and Gran Wilson as Ernesta. The 1982 Englishlanguage production of The Abduction from the Seraglio returns conducted by Arnold Ostman with Jovee Guver as Constanza, David Joyce Guyer as Constanza, David Kuebler as Belmonte and Kenneth Cox as Osmin. Kennedy Center

CHECAGO

Lyrie Opera: Lotfi Mansouri's 1981 production of The Merry Widow continues with Maria Ewing in the title role, Alan Titus as Prince Denilo and Jerry Hadley as Camille de Rossillony, conducted by Baldo Pod-ic. (332 2244).

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# Please, Please/ICA

**Martin Hoyle** 

Three years ago Théâtre de Complicité's first show, Put It on Your Head, struck me as quirky, painstaking, ingenious and mildly amusing; worthy rather than exciting. Since then, the company has played all over the world, won awards to wallifower Malcolm's frenzied all over the world, won awards to wallflower Malcolm's frenzied galore and become something of attempts to get his parents' a cult. Now at the ICA until January 10, they emerge as ture, pouring tea over Mum more ingenious and polished and slashing them with a knife than ever; but, despite the loyal hordes evidently on the same. The two words Colis Common wave-length, to this spectator at least no funnier than before.

That towells here to be a sum of the same wave-length to this spectator at least no funnier than before.

That towells here to be a sum of the same wave gapping and linds Kerr Scott. east no funnier than before. are genuine drolls, the one That terrible hangover from aggressively firm-jawed, the French mime training, the tendency to exalt strutting and smirking to the level of High Art, is at least giving way to a more English comedy of social Annabel Arden directs. Lucy incongruities manifested by whose gibbering has the lilt of has evolved the piece itself. Annabel Arden directs. Lucy incongruities manifested by Weller's design boasts beds, physical clumsiness. (There is kitchen furniture, and a backeven an unwelcome hint of ground of washing and a background of washing harging up
Norman Wisdom in beady-eyed which expands to provide the
Simon McBurney's rubberlimbed convolutions.) The final image. The sound of a howling
impression of the horriblytempest accompanies the bilaccented lower middle-class lowing of a vast groundsheet family here depicted—scrawny (the front row are press-ganged Mum with hair in curlers, flabby into this) and the world turns wimp Malcolm and his flashier brother Ken, gormless girl-blend of slapstick, social friend and solid Dad—is of Mike observation and hints of unease friend and solid Dad—is or mike
Leigh territory observed
through the distorting vision of
Gerald Searfe. The effect is
deeply patronising.

Seems not entirely set.
The abbreviated version of
my report on the Manchester
Royal Exchange's Country Wife

white and cold. Otherwise the

deeply patronising.

The performers are effortlessly accomplished. They provide the noise of creaking doors. the music of Jeremy Sams, as
loose floorboards and sliding spikily sombre, stylish and sash windows. On opening an menacing as punk itself.

Backlash as the barons fall

By Patrick Cockburn

Tuesday January 6 1987

# South African elections

PRESIDENT P. W. Botha has The country's Coloured and decided that in the next few Indian community shared much

and gags the opposition parties, both right and left. The outcome is likely to be a comfortable victory for the ruling National Party but it will be a hollow achievement, for it is

white voters, will use it as
the basis for reviving the reform
process. Since May last year,
when he sabotaged the
Commonwealth's efforts to
initiate talks between black
leaders and the government by
attacking alleged African posed to provide a forum for
National Council (ANC) bases
in neighbouring states, the
President has been assuaging
the fears of the extreme right

multiracial local government in
the joint province of Natal and

The purpose of the election, it seems, is to consolidate National Party power and to heal the rift in Afrikanerdom created by Mr Botha's early cautious reforms. He also may be seeking to defuse expecta-tions amongst black South tions amongst black South Africans that the end of white Vision unclear

The election and the circumstances surrounding it reflect Mr Botha's mishandling of the South African crisis. It was the constitution itself, endorsed by two thirds of the white voters in 1983 and introduced the following year, which con-tributed to a mood a growing despair amongst blacks. This soon turned into the most sus-tained onslaught the National Party has encountered since it came to power in 1948. The exclusion of blacks from the tricameral parliament, separate houses for whites. Indians, and Coloureds (mixed race), ended any faint hopes that Mr Botha's concept of reform included blacks in the central government.

months he will put his party's of the disillusionment. Less popularity to the test of a than 30 per cent of the two general election, confined to the country's white voters.

Half terminally stated in the disillusionment. Less popularity to the test of a than 30 per cent of the two general election, confined to the communities were prepared to vote in the 1984 elections, sup-The circumstances are inauspicious. Violence in the country, which has cost over Indian politician, Mr Ami2,250 lives since October 1984, chand Rajhansi, who argued has become endemic. Harsh that working within a deeply press censorship conceals much of the unrest from the world, and gray the conceiler parties.

This week Mr Hendrickse warned Mr Botha that his party was prepared to pull out of parliament unless the cornerunlikely that Mr Botha will emerge with a mandate for anything other than defiance.

There are no grounds for believing that Mr Botha, armed president thus enters the election with an endorsement from the white voters, will use it as exercise in disarray.

The basic for regigning the reference of the constitutional exercise in disarray.

> the joint province of Natal and Kwa Zulu, although still under consideration by the govern-ment, were immediately rement, were immediately .-buffed by a senior cabinet minister.

Whatever legitimacy Mr Botha may establish for himself in the eyes of the white elec-torate, to the outside world little is likely to have been changed by the election. It is thus probable that, in the coming months, the sanctions Mr Botha's vision appears to be evolutionary change, over a period measured in decades rather than a few years. The timescale is unrealistic and the vision unclear. and railways carry much of southern Africa's trade.

The front line states, members of the Southern Africa Development Co-ordination Conference (SADCC), are Development aware of their vulnerability and have been speeding up efforts to rehabilitate the existing alternative outlets through Mozambique, Without through Mozambique, Without such alternatives the potential for disruption in the region is enormous. Limited support has already been given by the West to the rehabilitation programme carried out under SADCC's auspices, but the projects deserve greater backing if the consequences of a potentially disastrous "transport war" are to be averted.

# Wooing the small investor

THE CASE for wider share interest of popular capitalism. ownership is usually presented Even If they were able to conin broad political and economic terms; giving people a stake way at an acceptable cost, they in the society they live in is would almost certain raise analysis to the control of the control said to be a stabilising influ-ence that promotes responsible ehaviour and undermines The Stock Exchange rules are them and us" attitudes in not the only obstacle to an issue

industry and commerce.
Interestingly, the Chancellor
of the Exchequer, Mr Nigel
Lawson, chose in his New Year interview with the Financial companies to give existing share-to the economic case. The British Government's privatisation programme had, he suggested, demonstrated, at the cost of a certain amount of advertising, that many small investors could be persuaded to buy into companies that were household names. This, said Mr Lawson, could reduce the pressure on management to show short-term results because the investment institutions are reluctant to see their stake in a company diluted by an issue that is offered direct to outsiders. They have been prepared to tolerate a recent relaxion of the Stock Exchange might care to change its rules to make it easier for quoted companies to interview with the Financial Times to add a new dimension easier for quoted companies to offer their shares directly to new shareholders when raising

Popular capitalism

Those who believe stock markets rfespond relatively efficiently to information about efficiently to information about quoted companies will no doubt question whether share as opposed to the big institutions that snap up shares offered to volatile swings if more to volatile swings if more shares are in stable hands; would probably have to be sold as a sizeable discount to the shares are in stable hands; some might well argue that the resulting reduction in turnover and liquidity would lead to more volatility, not less. But the Chancellor's sizeable subsidy to the small strike a less. But the Chancellor's sizeable s argument may well strike a investors. chord with those company directors who fear a narrow concentration of institutional Shareholdings makes them more vulnerable to a hostile bid. Certainly small shareholders have proved themselves less

a secondary offer to small investors would be a formidable deterrent. Unlike the Government, quoted companies are is any guide, the Chancellor's unable to offer substantial view of the small shareholder inducements or run up huge advertising bills at the taxpayer's expeuse in number who have sold rises order to promote the wider inexorably.

would almost certainly raise eyebrows among their existing institutional shareholders.

of shares direct to new share-holders. The 1985 Companies Act enshrines the principle of pre-emption, which requires companies to give existing share-

change only on the basis that the new capital represents a small percentage of the capital in issue. The institutions' opposition to so-called "bought" deals, where a single securities firm buys all the shares on offer and distributes them direct to its clients, has in some cases been muted because the dis-count on bought deals is small. Given the difficulty of distribut-

Share ownership That suggests the Chancel will not have his way without nave proved themselves less likely to back the predator in the key to extending private share ownership lies.

That roll also be argued that the key to extending private share ownership lies more in changes. That said, the expenses a system and in educating people company would incur in making in how to deal in secondary markets than in tempting them with new issues. And if the British Telecom share register

ON DECEMBER 16, a meeting of the Communist Party of the Soviet Republic of Kazakhstan, in the city of Alma Ata, decided to retire Mr Dinmukhamed Kunaev, leader since 1964 and a long serving member of the ruling Politburo, and replace

The retirement of Mr Kunaev, an old guard supporter of the former Soviet leader Mr Lound Brethnev, had been expected. It is what happened next which caused astonishment in the rest of the Soviet Union.

him with Mr Gennady Kolbin, a

Soon after news of the party decision spread through Alma decision spread information and a Ama Ata, a city of 1m and the capital of the republic, Kazakh students began to riet in protest against the replacement of Mr Kunaev, a Kazakh, by a Russian.

a Kazakh, by a Kussian.
Even more surprisingly, the
riots were immediately reported
by the Soviet news agency Tass,
in keeping with the policy of
greater openness introduced by
Mr Mikhal Gorbachev. This is the first time that immediate publicity has been given to such sensitive subject as violence between nationalities.

Egged on by nationalist elements and joined by what

Tass described as "hooligans and parasites," the students attacked the police, burned down a food shop and shouted insults. Some police and rioters were seriously injured, according to unofficial reports, and a member of the Politburo was sent to investigate the unrest. After the first admission of rioting, information has been roung, information has been scanty, but it is evident that the riot had an anti-Russian motive. This is surprising since Kazakhstan, a region four times the size of Texas stretching from the Chinese border to the Caspian Sea, has more Russians than Kazakhs among its 16m population. In Alma Ata, a pleasant city whose streets are lined with Lombardy poplars and elms, Russians are in the

overwhelming majority.

It is already clear, however, that the riots in Alma Ata are only the latest episode in a series of dramatic events which, in the past four years, have led to sweeping changes throughout the five Soviet Central Asian republics (with a total popula-tion of 46m). Moscow has sacked four of the Communist Party leaders of the republics and fear of a similar fate may have led to the sudden death, possibly through suicide, of the

fifth.

Mr Kunaev first became leader of Kazakhstan in 1960, was briefly demoted by Mr Mr Kinaev nist occane the scene of the great basses of Soviet was briefly demoted by Mr Nikita Khrushchev and then restored in 1964 by Mr Brezhnev. The last of the five to go, his departure appears to go, his departure appears to and the cleanant which hegan in the scene of the great basses of Soviet Central Asia is the area bordered to the north by Siberia and to the south by Iran and Afghanistan. Conquered by the community that he community the new Community to go, his departure appears to end the cleanout which began in tury, the new Communist 1983 when Mr Sharaf Rashidov, government in the 1920s split ruler of Uzbekistan for 24 years

TADZHIKISTAN 4.5mm U

DZHABAR RASULOV 1961-82 RAKURMAN NABIEV UZBEKISTAN KAZAKHSTAN POPULATION CHARAE PACHEYW 1959-83 1964-86 KIRGIZIYA TURKMENIYA POPULATIO TURCAKUN USUBALIE 1961-85 MUKHAMEDNAZAR GAPUROV 1969-85 IRAN

four years: a purge of leaders appointed or supported by Mr Brezhnev, a reassertion of central authority over the local party spparatus and more careful control by Moscow of government spending and the return on investment.

These trends have had the greatest impact in Central Asia because the region has the same political relationship to Moscow as the American Deep South to Washington. Local leaders of great longevity have built up political machines dependent on patronage and their ability to extract funds from the centre.
"Self-styled noblemen with
party tickets infiltrated the leading posts on a large scale and built up a personality cult around the local leader," confessed the local party newspaper in Uzbekistan.

It is Moscow's attack on these great baronies, and the breakup of the political machines which suported them, which has been the force for change, rather a sudden upsurge in local nationalism or Islamic mentalism,

The scene of the rise and fall

the rest of the country. Turk-meniya receives 300 days' sun-light a year and sees the first signs of spring in February One result of the warm climate is that Central Asia Uzbekistan is more homogen-ous, but Uzbeks form only a bare majority of the 2m popu-lation of the capital Tashkent. Industry developed under Stalin and in the 1950s Mr Khrushchev started his campaign to plough up the Virgin Lands of north Kazakhstan in hid to beet Soviet Stalin no. produces almost all the Soviet Union's cotton crop, which totalled nearly 8m tonnes this year. There was heavy invest-ment in irrigation and cotton production figures were taken a bid to boost Soviet grain production. Oil and gas were dis-

covered. Investment was poured

Dinmukhamed Kunaev, leader of Kazakhstan from 1960 apart from a brief demotion. His departure in December ended a cleanout which started just before

in by Moscow to exploit Central Asia's resources of raw materials, labour and land. The result was a surge in growth, which raised the standard of the regulation of the republics who had risen its resources would produce to power during the boom years in the economic and political believe that the boom years in Central Asia were over. They still thought big investment in its resources would produce the power during the boom years will thought big investment in the company of the problem for the leaders of the leade and a non-voting member of Moscow Polithuro for 22, died suddenly, just before the exposure of a swindle which had systematically exaggerated cotton production by up to 900,000 tonnes a year.

The purge, accompanied by the seasons for the standard of living of Soviet Central Asia, which raised the standard of living of Soviet Central Asia, well above that of its neighbours. The capitals of the five republics look better built than much of Moscow.

Some of the reasons for the railways to found cities and standard of living of Soviet Central Asia, well above that of its neighbours. The capitals of the five republics took better built than much of Moscow.

Some of the reasons for the railways to found cities and standard of living of Soviet Central Asia, well above that of its neighbours. The capitals of the five republics took better built than much of Moscow.

Some of the reasons for the railways to found cities and standard of the standard of its neighbours. The capitals of the five republics took better built than much of Moscow.

the exposure of the greatest swindle in Soviet history

In Uzbekistan, thirds of the Soviet cotton crop is grown, the difficulties in increasing output led to the greatest swindle in Soviet history — details of which came out in a trial just ended.

Between 1978 and 1983, it Between 1978 and 1985, it emerged that no less than 4.5m tonnes of raw cotton were conjured up by Mr Vakhobzhan Usmanov, Uzbekistan cotton industry minister. Hundreds of millions of roubles were paid by Moscow for cotton which never existed. He was able to corre out the swindle by a carry out the swindle by a system of bribery. Children were once kept in the cotton fields when all the cotton was picked to give the impression that the harvest was con-

Mr Usmanov, sentenced to death, was arrested in 1984. Before then he had ceased even to open envelopes containing bribes which were handed to him in his office. He tossed one envelope containing 40,000 roubles (£40,000) into a corner of his office, where the police found it lying unopened two years later. The cotton fraud showed that

the local party machine was saturated by corruption. It also imiterlined how central and local leaders in the last years of Mr Brezhnev refused to Mr Rashidov was close to get-ting Moscow to agree to an

economic control for the centre and to break political machines, often dominated by extended families, which had flourished for 20 years.

for 20 years.

Cuts have gone deep. Twothirds of Mr Kunaev's Kazakh
party central committee were
removed last February. In
Uzbekistan, 10 of the 13 party
first secretaries, who effectively
rule each province, have been
fired. The new party leader in
Kirgiziya says that in the last
five years between 82 and 87
per cent of local party leaders
were sacked.

The replacement of this

were sacked.

The replacement of this number of officials is clearly causing serious problems. In the past the local leader usually came from the indigenous nationality and his deputy was a Slav. Over the last three years, men like Mr Gennady Kolbin, the new Russian leader of Kazakhstan, are suddenly being parachuted in to reassert central control but—as the riots in Alma Ata show—at the riots in Alma Ata show-at the cost of local resentment.

It is difficult to judge how costly. Soviet reports of the Alma Ata riots hint darkly at the students being the cats paws of the Kunaev regime. But the violence confirms other evidence of growing self-assertiveness among Kazakhs, Uzbeks and other local nationalities. Local people say there is

greater attendance at Mosques and prayer meetings. More people abide by the month-long Moslem fast of Ramadan—catering companies complain of an increasing loss of business, during this paying. during this period. There is more press and party criticism of failure of local authorities to combat the growth of religion. Increased education, as elsewhere in the Middle East, has led to greater consciousness of national differences.

A good indicator of relations between nationalities is intermarriage—the rate of marriages between Russians and Uzbeks fell in the 1970s.

Not only is the indigenous population better educated, but its high birth rate (average family size in Russia is 3.3 compared to 6.0 in Tadzhikistan and 5.8 in Uzbekistan) means that Russians are a falling pro-portion of the population. Tash-kent now has a native majority and native dress is increasingly seen in the other capitals.

But signs of Islamic revivalism are still few and the border with Iran is sealed tight. All but one of the five republics speak Turkic languages and adhere to the Sunni branch of Islam, rather than the Shiah Mosley faith of Ayatollah Khomeini. Facilities for Islamic devotion are somewhat limited with only four Mosques for the Sm. inhabitants of Turkmeniya.

revolt have not, in any case been Moscow's main concern during its attack on the political 900,000 tonnes a year.

The purge, accompanied by accounts of political and economic corruption on a grand scale, is the result of three trends in Soviet politics over the past bosses of Central Asia.

#### Lacy takes Exco chair

At a time when City men seem to be able to make fame and fortunes almost overnight the career of Richard Lacy, newlyappointed chairman of Exco International, the money broking group, appears a model of dedication.

ing group, appears a model of dedication.

Though still only 39, Lacy has spent all but one year of his working life with Exco and with its predecessor company Astley and Pearce. After leaving school and spending a year with a City shipbroker, he joined Astley as a trainee broker and tea-maker in the mid-1960s.

He stayed with the company through its transformation under John Gunn into Exco and has emerged as top dog following this month's accuisition of Exco by British and Commonwealth Holdings, the financial services group which Gunn now services group which Gunn now

heads.

Eight other directors, including John Sangster, Lacy's predecessor (though non-executive) as chairman, and Bill Matthews, the chief executive, left last month as a result of the B and C takeover.

Lacy strent soverel warm in Lacy spent several years in



days on the trading floor of the Stock Exchange."

# **Men and Matters**

the mid-1970s building up the past six years has brought Exco's Far East operations—an the country down from 47th place to 60th. Living costs, on further—but most recently has been in charge of its money broking operations.

He recently underwent a serious operation for an illness which had dogged him for the previous three years but says he is now perfectly fit. When I spoke to him yesterday he had just completed an energetic day's skiing on the slopes of Champery, Switzerland.

How will be overcome the Gunn factor, whereby the City appears to assume that Gunn personally runs every company with which B and C is associated?

"Error has been given all the "Exco has been given all the

assurances that it will stand alone within B and C," he said. "None of us have any fears he will try and run this company. He is too busy with other

High life

The Japanese may have got rich by making cars, cameras and computers more cheaply than other countries—but Japan is now the world's most expensive place to live. A survey by Employment Conditions Aboard, an advisory service for companies with expatriate employees, says the strength of the yen has helped to hoist Japan to the top of the cost of living league.

But it does not always follow that the cost of living is more expensive in the wealthier countries. Companies seeking to keep their expenses down would do well to note that Nigeria, Algeria, Iraq and Tsuzania occupy the four highest places in the league Nigeria, Algeria, Iraq and Tanzania occupy the four highest places in the league after Japan.

Britain is now one of the least costly countries to live in. The fall in the value of sterling over wars are clearly about to start.

the other hand, have risen in the US which now ranks 39th compared with 65th in 1980.

The biggest jump in expenses was recorded in Argentina where, it is calculated, the cost of living rose by 324,130 per cent between 1980-86. But this has been offset by a fall in the value of the peso and the country, once one of the most costly places to set up home, now ranks 44th.

### Legal reading

Increasing competition in the legal profession in Britain is spilling over into the world of publishing.

Come the spring lawyers are going to have two fortnightly magazines to chronicle the rapid changes in their world. It was announced yesterday that Mayfield Publishing is planning to launch a glossy magazine called Lawyer with a format similar to Cosmopolitan, the ad man's bible, in March, Now Marcel Berlins, the former legal correspondent of The Times, tells me he is the newly-appointed editor of Law Magazine, a rival to Lawyer, to be published formightly by Sweet and Maxwell, the legal publishers.

Berlins says he hopes the appeal of his magazine will be broader than that of his rival.

He says "We are going to appeal not just to people in the law, but also to those on the fringes of the law such as members of parliament, and the City. We'll be more a magazine

### Sports promotion

Raymond Levy, the new man in charge of Renault, has just shown a bit of good sportsmanship by promoting to a top man-agement post the man who could have had a hand in Levy's own fall from the chair of the French State Usinor steel group a few years ago.

In one of his first decisions since he took over at Renault, Levy agreed to name Louis Schweitzer as deputy planning director. Schweitzer will take charge of Renault's planning department next August when Stephane Doblin, the current planning director, retires.

Schweitzer joined Renault last May as a glittering recruit to the executive suite. With two famous great-uncles—one the Nobel Peace Prize Winner Dr Albert Schweitzer, the other the well-known conductor Charles
Munch—Schweitzer had previously been the chef de cabinet
or closest adviser of Laurent
Fabius, the former Socialist Prime Minister In his role as "eminence grise" to Fabius, Schweitzer

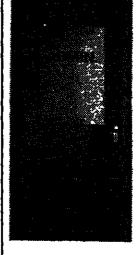
clearly could have played a part in the Socialist government's decision not to renew Levy's mandate as chairman of Usinon Indeed, after the assassination of George Besse, late chairman of the French car group, by left-wing terrorists last November, and the appointment by the conservative government of Levy a month later, there was some uncertainty about Schweitzer's future at Benault. But Levy, who left the Belgian steel group, Cockerill-Sambre, to take over at Renault, has wasted little time in confirming Schweitzer in his new career

### New miracle

A way has been found to get rid of all that Austrian wine laced with antifreeze. Poured on icebound roads it clears them. The Austrians must be the first people to be glad to turn wine into water,

Observer

# **CHOOSE THE WRONG CHARITY FOR** YOUR PAYROLL DEDUCTION **SCHEME AND YOUR DONATIONS WON'T JUST** GET EATEN UP IN AFRICA.



By next April you should have set up a Payroll Deduction Scheme for your employees.

And it's up to you to establish a scheme which won't waste their money.

96% of every donation made to War on Want will get through to the third world, where we fund long term as well as short term projects in thirty different countries. So if you haven't established

a Payroll Deduction Scheme yet, cut out this coupon. You can be sure our deductions will be kept to a bare minimum.

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 $(a_{t+1}, a_{t+1}, \ldots, a_{t+1})$ 

lay Januarys.

# Letters to the Editor

# Free market fantasising on trade policy

From Mr H. Shutt. Sir.—Mr McGregor absolutely right (December 23) intensification of the subsidyto condemn the free market based trade war will be any less economic crisis, of which the fantasising which is still the likely to end in mutual throat chaos in trade is but one basis of too many policy pro- cutting than the tariff war of symptom, cannot be resolved nouncements on trade, al- the 1930s? Or that "engineers until is is openly recognised though—as he concedes—this and managers" could miracu- that (2) virtually every sector rhetoric does not wholly inhibit lously improve on the and subsector of the interthe British Government from subsidising exporters (if on a of economists and bankers in significant, and in many cases smaller scale than he would determining investment priorilike). His letter is also eloquent determining investment prioritestimony, which economists which are consistent with longwould do well to take seriously, to the contempt into which the solvency? As for excluding political interventions, this notion by the arrificial stical intervention, this notion by the applibeen brought by the increasing would strate more than would do well to take seriously, to the contempt into which the solvency? As for excluding pour discipline of economies has tical intervention, this notion would surely raise more than those Third failure of its practitioners to relate theory to the real world. Mr McGregor's own prescrip-tion, however, for simultaneously solving the problems of the Third World and of

in Britain's export industries

From Dom Bernard Orchard

phere of biblical criticism, has

phere of bilinear transaction of intrinsic more than a few of the rightly look to you for sound advice on all subjects and not

merely in their chosen pursuit

"Midwinter? In a Manger? In Bethlehem?" (December 20)
was in fact highly misleading

contribution to the present debate with regard to the

Mr Lane Fox is clearly a child

which for the past 200 years has

sought to destroy the credibility

Of course, he is entitled to his own opinion, but his peculiar bias appears when he falls to

acknowledge that apart from the Gospels themselves and the

writings of Flavius Josephus, we have at the present time no more than a few incomplete scraps of information about the

local history of Palestine in the

generalisations as he goes in for. That is to say, Luke and Josephus are the only two "authorities" available. Why

then is it that the word of

Josephus is, as here, preferred to that of Luke! Only through

ngrained and probably uncon-

unities similar to Luke for

rathering data, though he was

he Palestine he had known had

cious prejudice.

time of Jesus — and certainly not enough for such sweeping

of the Gospel accounts of the

Infancy Narratives of the Gospels of Matthew and Luke.

Sir,-The foray of Robin Lane Fox, your gardening columnist, into the rather rarified atmos-

Luke is to be preferred

is Can he really believe that an countries. (admittedly disastrous) record of economists and bankers in a smile from those Third World officials who are in-creasingly given the impression by government and business leaders from the industrialised nations that the central pur-

pose of foreign aid is to sustain

most certainly framed his

history in such a way as to clear himself of treachery towards his Jewish nation; and there is no ground for thinking he was par-

ticularly accurate in matters of

On the other hand, the stature

of Luke, the chosen friend and confident of Paul, is infinitely

The truth is that the world

national economy is affected by significant, and in many cases cation of free market principles - for all the admonitions of mainstream economists, so justly ridiculed by Mr McGregor. Such a recognition would, of course, imply accept-ance of the need to introduce

tion of both production and trade. It is the unwillingness of politicians of all parties—not only in Britain but in most other OECD countries—to con-template such an approach which is the principal obstacle to progress.

Mr Gorbachev, we are told

is seeking to take a leaf out of the west's book in subjecting decentralized management in pursuit of greater flexibility and efficiency. Perhaps we might ask ourselves whether some laissez faire shibboleths concerning trade. Or are we after all more brainwashed than the Russians? Harry Shutt. The Grange, Hillside,



higher, and whenever we are in a position truly to check his accuracy he comes off with full credit. Both as an honest historian and as a cultured physician and human being, dedicated to the pursuit of the true and the good, he is altogether to be preferred to Josephus, if there were a real clash of evidence—and there is no direct clash. Luke is surely to be more trusted every time, or at least to be given the Rattling the poor box time, or at least to be given the benefit of the doubt with regard to the questions at issue, the Census, the poll tax, and so on, It and its caravan of apologists are now obliged by a fair and prudential budget to come up with some creative thoughts for Augustus undoubtedly did order a number of censuses: while client kings like Herod the Great were prepared to do the maddest things to win the on arts funding. Instead, they have reverted to the theatrically favour of Augustus, even to ordering his inckless subjects to go to Bethlehem! defunct four-letter word: more, It should never be an obligation on taxpayers to provide more without question, particu-larly should they choose not to No; it is all too simple if one decides unilaterally that Josephus is always right. For Luke was not only much nearer in time to the events he records, man. Why does the Royal Opera House deserve more when even but he almost certainly re-searched personally in Judea and Galilee, interviewing con-temporaries, while Paul was a

House deserve more when even used and charges introduced its chairman in this year's Quite why they provide pop annual report has to appeal to records and crime novels audiences to desist from booing? charged on the public purse as The cantral problem of a "social" benefit seems to me national and regional opera is to be well removed from the similar to that faced by restau- founding duty of public ranteurs from Berni Inns to the libraries. Savoy: it is about putting burns We no seats at a price the targeted vitality

to return.

Operas the security and support
What is now needed is a they need to flourish, Equally,
redical privatisation of the arts. why should there be an increasthe Arts Council, imposed to
adjudicate on resources the failure? adjudicate on resources the market is best able to determine, should be wound up. Cash 146 Worrin Road, should be provided on a pound Shenfield, for pound basis to match that Brentwood, Essex.

which the public and the busi Sir,—I cannot let pass your ness community chooses to pay distinguished opera critic Max and provide by sponsorship. It Loppert (December 31) using is a telling pointer that UK his yearly review to rattle the private sponsorship for the

Royal Opera fell last year. Far from denying avant garde productions, look at what Nor-west Holst has done for the ENO, or Amoco made possible in bringing the Welsh National Ring to London. Such support should be offsettable against income and corporation tax together with the equivalent of the Government contribution. larly should they choose not to and the cash available to attend such critically rubbished business sponsorship scheme be Covent Garden productions as raised to the equivalent shelled out to the hapless Arts Council.

Man. Why does the Royal Opera Libraries should also be privative of the council and tised and charges introd

We need to encourage the marketplace will pay and with resource by radical measures some necessary regard to the that alone can give the success-quality of product and service ful companies such as the that will encourage customers English and Welsh National

### More runway capacity

been swept away when he wrote. Ealing Abbey Gospel le was also a careerist and a Commentaries, sycophant of the Emperor and Charlesry Grove, W.

ir Transport Users Committee
Sir,—Mr Powrie's letter
"Airport planning—a potent
reator of myths"—December (0) requires some correction

I am not aware that this large sections of our economy or ommittee has ever invited and a straightlacket on its expansion would be disastrous. To apacity in the South East is the contrary of Mr. Powrie's appear to believe that airput appearing in the South East is gain about to face a crisis."

Lectrinity Heathrow and latwick runways are now virtually lertainly Heathrow and latwick runways are now virtually fully utilised and there will be problems in persuading intreasing demand to go to the largely unused runway at itansted at which airport additional major terminal acilities are being developed. But it took 25 (or was it 35?) lears to get agreement that itansted's runway should become the fourth major one in the south East and all bresent indications of demand lire that this additional capacity will be fully absorbed by bround the turn of the century. Dur plea therefore, now it it is for the commencement of consideration of planning matters associated with the granting of permission for lifth runway in the south east.

users will have to go elsewhere and in those circumstances, the threat of Paris, Amsterdam and Frankfurt is not marginal. Civil aviation in this country has been hugely successful, is vital to the continued prosperity of the contrary of Mr Powrie's assertion, capacity for roads and restaurants is not limited (individually maybe, but if the demand is there who is suggesting that new ones should not be developed or existing ones expanded?). Opera houses are rather specialized and in the wider context of theatres and concert halls are on occasiona increased in number as runways should be.

Every encouragement should be given to regional airport ex-

No, sir, I suggest that readers

ould prefer to see the sam

fairness in the presentation of biblical matters as you yoursali

apply to your dealings with the

(Dom) Bernard Orchard.

financial world!

ways should be.

Every encouragement should be given to regional airport expansion so as to provide locally the needs of people wishing to travel by air. Mr Powrie rightly cites the marvellous example of Manchester. But none of the success it may achieve can replace the importance nent of consideration of planing matters associated with he granting of permission for lifeth runway in the south east.

All this predicates that lemand should be mat by apply. If it is not it will either the a constraint on freedom, or less a constraint on freedom for this to develop in line with market demand must be protected by immediate consideration of where additional runway capacity can be laid.

Revery encouragement should be given to regional airport expansion so as to provide locally the needs of people wishing to travel by air. Mr Powrie rightly cites the marvellous example of Manchester. But the needs of people wishing to travel by air. Mr Powrie rightly cites the marvellous example of Manchester. But the needs of people wishing to travel by air. Mr Powrie rightly cites the marvellous example of Manchester. But the needs of people wishing to travel by air. Mr Powrie rightly cites the marvellous example of Manchester. But the needs of people wishing to travel by air. Mr Powrie rightly cites the marvellous example of Manchester. But the needs of people wishing to travel by air. Mr Powrie rightly cites the marvellous example of Manchester. But the needs of people wishing to travel by air. Mr Powrie rightly

### **Importance** of maintenance

From Dr M. Cross
Skr,—Harry Heap (December
20) raises an issue of national
importance under the general
heading of "maintenance," and
his suggestion for a Plant heading of maintenance, and his suggestion for a Plant Efficiency Year should be considered seriously by senior officials at Department of Trade and Industry and the National Economic Development Office.

Over the past five years we have been monitoring the management and manning of maintenance in 121 companies. Almost without exception we are seeing attempts to minimise rather than optimise maintenance costs, and also to consider it almost independently of pro-duction unit costs. At the same time we are seeing the increased time we are seeing the increased use of contractors (non-core workers to use the Institute of Manpower Studies jargon) to increase the proportion of variable costs in the maintenance budget. What is starting to emerge from this last development is an increased, and in some cases an over-dependence on contractors. In terms of costs

have the reverse effect of that desired. A second long term issue

which is also emerging is the waste of the learning of better plant design through maintenance. Because of the poor information base within many maintenance functions the development of more reliable, development of more reliante, more serviceable and more fiexible plant is being lost. It is very noticeable that those organizations which do capture and use such information have lower production unit costs than their major UK and European competitors.

There are therefore very good arguments, of which the above are but two, for launching an egior awareness-raising pro-gramme under the banner of "Plant Efficiency Year." Such an initiative would complement the technology awareness and application schemes with a tech-nology usage scheme, (Dr) Michael Cross

on contractors, In terms of costs, Technical Change Centre, they have increased, Hence, the 114 Cromwell Road SW7

# The problems of shipping and shipbuilding

rom Mr K. Thomas, Sir, — Your shipping corres-condent is too kind (December 2 1986) in saying that the prob-ems of the shipping and ship-juilding industries are not the esults of their irrational

ictions.

In the twenty years or so beore 1974 reasonably steady growth in world trade had allowed growth in the world hipowning and shipbuilding interestives. Japanese shipbuilders in particular had invested in acilities for building the ever arger tankers and bulk carters whose economies of scale, ater emulated in the liner secon, led to reductions in the real or, led to reductions in the real ost of sea transport which fed back into more trade growth. Towards the end of this period, hipowners began to order not ust ever larger ships, but ever necessing numbers of them. In 1974, the order book for ankers amounted to no less han 91 per cent of the then less than 91 per cent of the then or, led to reductions in the real ankers amounted to no less han 91 per cent of the then xisting fleet of those tor combination carriers and dry bulk ships amounted to 7 per cent nose for combination carriers and dry bulk ships amountd to

Euphoric overordering on this scale may be understandable but it cannot be described as rational. Those order books would inevitably have led to overcapacity in the tanker and dry bulk sectors. The unforeseeable triggering of the oil price weapon by Middle East il producers in 1873/1874 led to the downturn in world trade the downturn in world trade which has exacerbated and pro-

longed a siump which was com-

ing from foreseeable causes The scale of overinvestment. in the few years prior to 1974 was made possible by the ease with which shipowners could obtain bank and suppliers' credit. Losn finance has destroyed the industry's equity base and damaged its ability to withstand a slump which is in part of its own making.

the prices which have had to be financed were unrealistically containerships now protected from bankruptcy proceedings, ment support to win orders to keep people employed. For the last ten years and more, shipping investment has not been of view of the health of the project criteria simplied.

Technical project criteria simplied.

Rempeth Thomas, Technical projects were profitable. If these projects were profitable in the point of view of the health of the Holbett Place SWI. The prices which have had to

Euphoric overordering on this based on market prices.

Low prices and cheap finance, in spite of the hardening of some banks, attitudes, continue some banks' attitudes, continual even today. A few months ago we sought prices for a number of very similar ships. The cheapest price offered was 47 per cent of the highest. Financing terms offered in the packages embodied periods varying from 10 to 25 years; and three suggested interest rates of 4 per cent or less. cent or less.

The boundaries of the system within which investment deci-sions are taken on ships has changed. The extraneous fac-tors of below market pricing by builders and easy financing have come to dominate over straight supply/demand factors. The problem is that amongst the many individual shipowners, particular projects, such as US Lines' giant round the world

The shipowning industry has always had an endemic tendency to overinvest. As long as cheap ships and finance for them to continue to exaggerate this tendency, we see no end to the shipping recession. The industry appears to be in a state of quasi permanent oversupply and depression. Any optimism which observers can extract from current circum stances rests upon the view that an upturn in demand for shipping will not be offset by instant and excessive new ordering. If governments are scriously prepared to co-operate in sorting out the problems of the maritime industries, we suggest that restoration of mar-ket prices should be their prime concern, and that industry-wide investment criteria rather than project criteria should be applied.

Sloone Square House,

### COMPUTERS AND THE CITY

# Beyond the crisis, a hefty programme

By Alan Cane

the feelings of most of the

to Seaq

other words, a substantial pro-

quote in larger sizes.

A major fear for the

THE technological crisis which muffled the City's Big Bang seems to be over. A trickle of interruptions to the Seaq last just before Christmas, is the only reminder.

But there is little prospect of relief for the army of programmers, systems analysts and operators working for the Stock Exchange's information systems division. An electronic crystal ball in

An electronic crystal ball in their Christopher Street head-quarters, east of the City, would show a relentless programme of work stretching through 1987 and beyond as the Exchange strives to provide refinements ruled out by the Big Bang schedule.

The Topic system, which turns Seaq information into viewdata pages, has to be strengthened and given more power, Seaq International, the information system for inter-national market makers, has to be improved and brought up to

The dealer's workstation, Orbit, whose design owes much to collaboration with IBM and Shearson Leahman, has to be finalised. And the Exchange has to honour its promise to intro-duce advanced trading systems for automatic small order execution (Saefs) and block exposure (Blox).

Now the market has re-covered from the initial shock of Big Bang and the immediate aftermath, it is beginning to look at Seaq with a critical eye and ask for more more speed, more detail, more information,

Most broker/dealers equities find Seaq ay acceptable trading vehicle and shrug off its occasional tantrums. It was off the air for 15 minutes on two successive days in late December and the market hardly noticed.

Trading over the telephone went on as usual, the dealers well able to cope with the occasional, minor irritation. As Mr Anthony Lewis, chairman of Smith New Court, puts it:
"Technically, we know the shortcomings in the system."

Some market makers, Warburgs is a good example, have expressed satisfaction with Seaq from the beginning and been prepared to cope with its eccenterms with Sesq after a difficult

Mr Matt Devereux, head of maker in an alpha stock, and management services at the so escape stamp duty, simply leading market maker Barclays by committing to deal in sizes de Zoete Wedd, which had more of 1,000. The minimum size for But reasonable contentment

than its share of teething pro-blems, is now happy with the service. "The system seems to have stabilised. The problems always sounded a lot worse than with the technological side of Senq in the equities market they really were and things have gone better than we could have expected," he says, echoing is not reflected among gilts traders.

Many believe that Seaq is of little or no use to them, although they say they would like to see the service improved for smaller brokers and institutional investors.

Exchange had always been that the market would pay lip service to Seaq, with market Gilts dealers trade with each makers showing the smallest allowable parcel of shares other in anonymity via inter-dealer brokers (IDBs). The best glits dealing rooms these days are distinguished by a panoply of screens in front of each trader, each displaying the 1,000—in which they were pre-pared to deal on the screen, while the real market would take place on the telephone. To register as a market maker in alpha securities, the most traded shares, a dealer must commit himself to a firm two-

way price on Seaq for at least The fear was that the real data in front of them, it is rice for larger share parcels scarcely surprising that they ould be quite different—in see little need for slow, meagre price for larger share parcels vould be quite different—in

A major fear was that the market would pay lip service only

timely or worth looking at."

portion of the market would not appear on the screen. Some measure of the confidence equities market makers have in the system can be gleaned from the size of the "touch" price, the difference between the best bid and best offer, the number of market makers in alpha

stocks prepared to commit too slow. This is a common themselves on the screen to complaint and seems to result from the measures the Ex-change had to put in place to trading in large sizes (100.000 or more) and their requests to keep Topic on the air after the initial fasture. The Exchange has agreed to

tion on the screens leaves much Topic can display sizes of up to to be desired. Mr Peter Sowray, 900,000 shares by May. Eventularly, the "L" meaning 100,000 and Drew Moulsedale, argues ally, the "L" meaning 100,000 and Drew Moulsedale, argues shares on the screen will be replaced by "M" for millions. that displaying a single stock At least one senior trader is per page is inadequate; up to incensed that a dealing house 20 stocks on a page would be can register to become a market more useful. He says a gilts

prices from a single IDB. They are two-way prices, compared with the single, mid-price shown on Topic screens.

With such a wealth of market Seag information.

Mr Keith Corsby, a trader with the leading gilts dealer Alexanders Laing and Cruikshank, gives a typical reaction: "I have never used the Topic screen to deal."

Others are more outspoken.

"Seaq and Topic have no relevance to the professional gilts market whatsoever," is one view. Another is: "There is little information there that is the professional profess

Complaints from the gilts dealers seem to fall into three categories. First, the mid-price display is no use for dealing and is of limited value to clients. They would prefer to see two-way (bid and offer) prices displayed.

Second, updating of prices is

this. The necessary computer software is being written so that Third, the amount of informa-

equivalent of the FTSE "trigger" page, which shows at a glance how the top 100 equi-

surrounding the introduction of new technology have receded, it is clear that firms are beginning to find fault with the basic design of the market informa-tion system, a luxury denied them in those heetic few weeks

big concern. Equities broker/ dealers say they would like to be able to compare more than one stock on the same page. Some criticise screen layout and say that the use of colour is

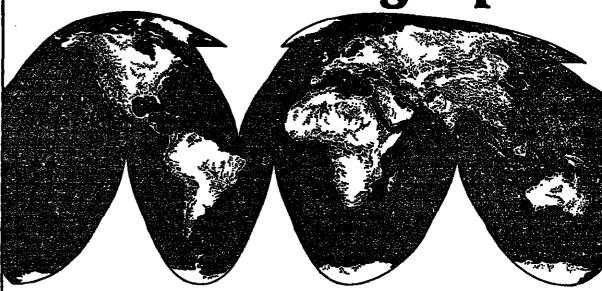
And there are still murmurs of discontent about the speed of the system and the best way to get information to clients.

The answer, some feel, is to invest heavily in equipment to make the best use of Topicline and Marketline, the two Stock Exchange services which feed raw data into a trader's com-puter system to be processed in whatever way he or she wishes.

Phillips and Drew, for example, is taking raw Seaq data into its inhouse computer and feeding it out to clients over its Gemini information

Others are thinking about Reuters and other information vendors. "Every day I am approached aggressively by information vendors," one said, "and I think 'Why not?'."

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# FINANCIALTIMES

Tuesday January 6 1987



# bid to step up satellite launch **business**

By Patrick Cockburn in Moscow and Peter Marsh in London

THE Soviet Union has stepped up its bid to enter the business of ng commercial satellites on behalf of other countries.

Mr Nikolai Ryzhkov, the Prime Minister, said yesterday that Soviet financial institutions would insure satellites themselves and would let foreign technicians accompany their spacecraft to the Soviet launch site without customs exami-

Mr Ryzhkov's comments are the st indication so far of the WASHINGTON'S embarrassment Soviet Union's desire to enter the launch business, an industry shaken by the explosion last year of Challenger, the US space shuttle, and by a series of failures involving the West's other main launcher, the European Ariane rocket.

As a result of the mishaps, the three remaining US shuttle are grounded until early next year, while Arianespace, the company selling Ariane launches, hopes to restart flights in March. The last Ariane flight, last May, failed to satellite after a motor

Mr Ryzhkov's remarks in an interview with Tass, the Soviet news agency, may constitute a last-ditch effort by Moscow to interest Western organisations in using its rocket services. Although the country has offered to launch Western satellites on its Proton rockets for two years, there have been no takers.

Moscow is also interested in transporting payloads into space for Third World nations. It has launched satellites for India and recently offered to launch a communications craft for Thailand.

The Soviet Prime Minister said the Soviet Union was prepared to offer substantial discounts to orga-nisations which use its rockets. "As it enters the international market. for space technology and services, the Soviet Union of course, cannot but reckon with the laws of the

The Soviet offer is evidently a bid to earn hard currency in a market in which Moscow can compete and also to underline Soviet policy on the peaceful use of space. Mr Mi-khail Gorbachev, the Soviet leader,

with the US Star Wars programme. Mr Ryzhkov went out of his way to reassure potential foreign custo reassure potential foreign cus-tomers that their equipment would not be examined by Soviet engineers. The Soviet Union would permit the passage of satellites from the overseas country to the launch site in a sealed container, if this would be convenient to the

Any deals between the Soviet Any deals between the Soviet Union and the West over rocket launches may involve Jardine Ma-theson, the Hong Kong-based trad-ing company. Officials from the group have held talks with Glavcosmos, the Soviet space authority, over acting as an intermediary with Western companies that want satellites placed in orbit.

# Students burn newspapers

Continued from Page 1

were released. Diplomats say the city has been ordered from above not to confront the students in the streets, so it is confronting them in

The Peking Daily continued its relentless attacks on the students yesterday by claiming that they are poisoned by bourgeois liberalism": The demonstrators held aloft the banner demanding abstract freedom and democracy. But they do not distinguish socialist from capitalist democracy. In reality, they want to use bourgeois liberalism to

Chinese leaders have remained silent on the student protests that | broking in recent years. The largest

# Moscow in | White House renews summit offer

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

THE WHITE House yesterday renewed President Ronald Reagan's invitation to Mr Mikhail Gorbachev, the Soviet leader, to attend a achieved ... the President believes additional meetings can build on the major progress already achieved ... the President believes additional meetings can build on the major progress are achieved ... the President believes additional meetings can build on the major progress are achieved ... the President believes additional meetings can build on the major progress are achieved ... the President believes additional meetings can build on the major progress are achieved ... the President believes additional meetings can build on the major progress are achieved ... the President believes additional meetings can build on the major progress already achieves additional meetings can build on the major progress already achieves additional meetings can build on the major progress already achieves additional meetings can build on the major progress already achieves additional meetings can build on the major progress already achieves achieved ... the President believes additional meetings can build on the major progress already achieves achieved ... the President believes and the president believes and

ry Speakes, commenting on a publand, Mr Reagan met Mr Gorbalished report that Moscow had chev for the second time for a sesmade overtures for another summit said that there had been "no direct vance as a "mini-summit" but which suggestions from the Soviets that quickly turned into a full-scale arms indicate a desire to follow up on control bargaining session. The indicate a desire to follow up on control bargaining session. The their commitment for a summit in talks ultimately broke down, howthe United States in 1987."

summit meeting in the US this tion for a US summit remains

Last October in Reykjavík, Icesion which was described in ad-

He added that "the President be-lieves additional meetings can build defence initiative. ers will move quickly to see if an arms control agreement can be

The White House has presented the meeting as a success because of "potential" arms control agree-

Critics have argued that the West was lucky the talks failed because Mr Reagan was on the verge of committing the West to a major and dangerous shift in the strategic hal-

In Washington, there is speculaever, as Mr Reagan refused to com- tion that Mr Reagan and his advis- eign policy.

arms control agreement can be reached partly because such a strategy might help to shift attention away from the politically damaging investigations of the Irani an arms transactions. Time is also running out for Mr Reagan to se-

Failure would expose both him and his party to charges that it has mishandled a vital area of US for-

#### MOSCOW'S INVIGORATED MIDDLE EAST DIPLOMACY MEETS MODEST SUCCESS

# Egypt warms to Soviet overtures

over the Iran arms scandal has coincided with a period of renewed Soviet diplomatic vigour in the Middle East and a few modest achieve-

Last mouth, Iran sufficiently overcame its distaste for its Communist northern neighbour to sign an agreement on economic co-operation allowing the return of some Soviet technicians.

At the same time, a high-level Soviet delegation held lengthy talks in Egypt, where it approved a new annual trade protocol and clarified difterences over exchange rates and Egypt's old Soviet debts, which had impèded broader economic ties. Even before the revelations of

Washington's arms sales to Iran battered the US Administration's credibility, a number of regimes had expressed growing frustration with President Ronald Reagan Middle East policy. To many Arab mod-erates, US diplomacy has been seen as increasingly one-dimensional, based on support for Israel and opposition to Arab terrorism.

Some Arab countries, angered by the US refusal to sell them advanced weaponry, have looked to Moscow for alternative supplies. Others have opened or improved relations in the belief that Soviet involvement is necessary to contain, and perhaps mediate, the Iran-Iraq and Arab-Israeli conflicts.

Late in 1985, staunchly pro-West-ern Oman and the United Arab Emirates established diplomatic relations with Moscow. That left only four countries in the region – Saudi Arabia, Qatar, Bahrain and Israel without formal ties. Last August, the Soviets held their first ansince Moscow broke relations following the Middle East war in 1967. for

once its premier client in the region and now the closest Arab ally of the US. Moscow has despatched half a dozen high-level envoys, including Mr Vladimir Polyakov, a veteran former ambassador to Cairo and now the director of the Soviet Foreign Ministry's Middle East depart-ment, who briefed President Hosni Muharak on the results of the Reykjavik summit.

Close on his heels came a group of Soviet cinematographers and a ballet troupe from Riga – ties be-tween the Soviet and Egyptian gov-ernments and between their official trade unions were restored following a 10-year lapse. A new Soviet ambassador, Mr Gennady Zhuravlev, gave a news conference to foreign correspondents and has made himself unusually accessible to the Egyptian press.

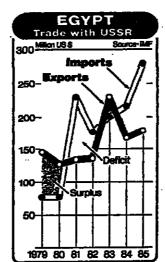
We're seeing a new Soviet diplomacy – more open and more flexible," a senior Egyptian Foreign Ministry official said approvingly. A Western diplomat said: The amount of activity is fascinating."

but added: "The whole is probably

less than the sum of the parts." There is no suggestion in Cairo that Egypt, which expelled thou-sands of Soviet soldiers and technicians in the 1970s, is about to switch alliances again. That seems precluded by Egypt's dependence on more than \$2bn in US aid each year

and deeply anti-Communist and re-ligious public opinion.

But President Mubarak has sought to tone down the pro-American focus of his late predecessor, Mr Anwar Sadat, to distance his Government from embarrassing US actions in the Middle East, to refur- change rate that has remained frobish Egypt's credentials as a non- zen at £1 = E£0.70, about a third of granted. In recent interviews, In recent months, Moscow has Mr Muharak has ticked off the been especially attentive to Egypt, Americans for showing Egypt less



its than the Soviets.

Mr Mubarak also has persuasive

economic reasons for strengthening relations with Moscow at a time when Egypt is negotiating to reschedule its debts to the West. Besides Sudan, the Soviet Union is the only Egyptian trading part-ner with which no hard currency

changes hands. Under a "clearing account" instituted in 1964 an never interrupted, even during the Sadat years, the Egyptians swap cotton yarn, citrus fruits, perfumes and cosmetics for Soviet humber products, coke, building materials, frozen fish machinery and equipment. Over the years, the arrangement has worked increasingly in Egypt's favour. The clearing account is de-nominated in Sterling at an ex-

Moscow also withheld agree renovate Egypt's vintage Soviet-de-signed factories without an accord on rescheduling Cairos's \$3bn debt, which the Sadat Government unilaterally stopped servicing a decade

According to Egyptian and Soviet negotiators, Moscow provisionally agreed to forgive the interest. But, return, the Soviets want to use the \$800m surplus in the current account, built up over the last decade during which Egyptian exports to Moscow exceeded imports, to help pay back the debt. They also seek full repayment by the turn of the Mr Alexander Kazantsev, the So-

viet trade representative in Cairo, characterised the talks as "frank", diplomatic language indicating dis-

trade protocol of £600m. The monstrated elsewhere hostile bids amount is the same as called for in often defeat their object. In any annual protocols since 1984 but, if case, a new owner of Mercantile fulfilled, would represent a 20 per cent increase over the volume of trade for 1986, when the quota was of a gilt-edged primary dealer. not achieved. The new protocol will be re-

viewed during Egypt's next comprehensive trade and economic talks with the Soviet Union in Moscow during February or March. The Egyptians are hoping for an

increase in trade. As one negotiator said; "We need the connection with them more than they need us." Beyond the favourable barter arrangement, he said, a significant portion of Egypt's industry is geared toward producing inexpenics for the relatively undiscriminat the Soviet delegation refused Egyptian urgings to sign a five-year it difficult to sell these goods to the trade protocol without a significant West or even Eastern Europe.

When a broker launches a postshares, fund managers can be forgiven for not suspecting an ensuing bid. So those who broke the well tested maxim and sold in the Alexander Laing & Cruickshank "dawn" raid on Mercantile House shares at 370p may have felt a little piqued by the statement from the victim which followed. At least they have a

comforting profit over Friday's close of 298p and the statement was sufficiently opaque not to suggest an immediate offer. Yesterday's closing price of 384p does, however, argue that the enthusiastic takers of 370p have once again proved the

UK financial groups is becoming a Canadian fashion. If it is, ALCH's involvement alone suggests a friendly deal, in which case share-holders may find their board agreeing to a price below the highest estiure of 420p might secure agreement though optimists reckon Mercan-tile's break-up value at 500p or

mer's earnings, is suffering cut commissions in the US bond market and ALCH, like most UK bro-An Egyptian negotiator said his kers, is not yet making much post-side had to "fight like crazy" to per-suade Moscow to agree to a 1987 of business, as has been amply de-

FNFC

fast-growing, acquisition hungry First National Finance is a real acquisition h company again - almost. The only remnant of its times in the lifeboat, apart from the odds and ends of loan stock, is its ability not to pay tax. Even that will soon fade. After a small tax credit in the year to October, a tax change of perhaps 10 or year. One day FNFC might even have to pay a normal tax charge.
Once, FNFC's huge tax losses aggressive investors wanted.

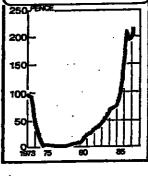
THE LEX COLUMN

# Mercantile's new tenant

Presumably CrownX, the buyer of the near 15 per cent stake, is the one of "one or more" contemplating an offer for Mercantile, unless tak-ing significant but passive stakes in

On the other hand, Mercantile is clearly having a tough time, and earnings are likely to fall this year. It is unable to replace Oppenhei-

Profit-making, dividend-paying,



restraining effect on earnings, despite strong pre-tax growth, could put something of a stop on the shares. The historic p/e of 9, at yes-tice that levers have two ends. terday's close of 218p up 15p, might also be the prospective, even the troubles of such borrowers as though pre-tax in the current year LTV and Cannon, and the advent of could reach £47m against the £36.4m just reported. For the tax cost of debt - junk leverage has shares to run must, therefore, re- lost some of its appeal. quire a further re-rating.

Although current economic condi tions are similar to the pre-crash Campeau times of 1972 and 1973 - runaway consumer spending and a property boom, in the south east anyway boom, in the south east anyway – takeovers could not be more neatly FNFC as it is now managed is a different business. Its consumer credit of about half the US Allied Stores lending policies are so conservative that its growth in business is parti-cularly admirable, while its proper-cularly admirable, while its proper-cularly admirable, while its proper-this case, Campeau is still in the of the problems in the seventies, do not depend on ever-rising house prices. If another crash were to come, FNFC might not even get its

### Drexel index

It is only a matter of months since the most universally approved way to get a share price moving up-wards on Wall Street was to lever banks by the end of 1988. So breakup the returns to shareholders' eq. ing the company apart was the only uity by loading the balance sheet way shead — and probably makes with bond finance.

approach to corporate finance in prises as Bonwit Teller. The survolved wholesale substitution of prise, rather, is that Campeau still high-yield paper for the ordinary apparently wants to keep hold of share capital; the tiny equity base Brooks Brothers, an operation scale junk-bond takeover bid was with the property business than the exactly the kind of investment that other retailing businesses which

When Wall Street started to climb at the end of 1985, highly-leveraged stocks naturally climbed faster still: the name of Drexel Burnham Lambert on a company's bond issues appeared to guarantee outperform

ance for its equity.

A new index of "Drexel Stocks" calculated by Grant's (a New York credit bulletin) shows that a selection of leveraged stocks, with \$8bn of debt on top of them, have dropped a third of their value since the new index peaked in April 1986; the Drexel index ended a net 11 per cent down on the year, against a gain of 24 per cent for the Dow.

Interestingly, the leveraged stocks went into reverse some time were supposed by the market, probably wrongly, to be attractive abidder. Now the rising tax charge's say that leverage has become defi-But what with insider scandals,

LTV and Cannon, and the advent of US tax reform - raising the after-

The strain of highly leveraged group, after it had been owned for less than a week by Campeau, the hands of its bankers - having plunged into Allied with the aid of a \$1.7bn bridging loan, and having to support about \$5bn of total debt in the merged company on gross cash flow that is estimated to be short of

all right to take care of the interest, but not when it is added to principal repayments on a punishing schedmuch more sense for Campeau In its highest form, of course, this than attempting to run such enter-

That would, perhaps, have been

# Canadians win stake in Mercantile House

BY CHARLES BATCHELOR IN LONDON

CROWNX, a large Canadian insur-ance group, yesterday staged a mid-day stock market raid on Mercan-tile House, Britain's second-largest money broking company, and gained control of 14.9 per cent of its shares for just over £44m (\$65.6m). This move, which valued Mercanthe's entire equity at £291m, could be the first step towards CrownX launching a full-scale bid for Mer-cantile, although the Canadian group might face opposition from a rival bidder.

Before CrownX was revealed late yesterday as the buyer of the 14.9 per cent holding, Mercantile an-nounced that it was aware that one or more offers might be on the

Mercantile has been the subject of considerable bid speculation in recent months with both Quadrez Securities, a small securities house, and American Can, which has been diversifying into financial services, mentioned as possible buyers. Mercantile is one of a group of six ket in money and foreign currency

British & Commonwealth Holdings. Other leading groups are Tullett and Tokyo, MAI holdings and R.P. Martin owned by Quadrex. S. G. Warburg, Mercantile's mer-chant bank, said CrownX had been in touch to say it regarded Mercan-

tile as an "interesting company" and that they wanted to talk about areas of cooperation. Mercantile and CrownX know each other and the UK company's board, headed by Mr John Bark-shire, the chairman, is willing to talk about cooperation, Warburg

An intriguing aspect of the mar-ket raid is that it was carried out by Alexanders Laing & Cruickshank, the broker which is now part of Mercantile. Before the identity of the buyer of the shares was known analysis said they assumed the share buying was a defensive move to protect Mercantile from a hostile

Analysts were also intrigued at the possibility of a bid being made British companies which have come for Mercantile. This could provoke to dominate the international marwere persuded to sell yesterday at 370p if a higher offer were subse-quently to be made. Laing declined company is Exco International, acquired this month for £673m by

# Bankers' rift deepens over Guinness affair

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

which a transfer of money was to be put, deepened yesterday.

Morgan Grenfell claims that the

sum of £7.6m which was sent to Anshacher was intended as a deposit, and was not to be used to pay for the 2.15m Guinness shares acquired from institutional clients However, Ansbacher maintains

that the money was to be used to pay for the shares, and was applied to that purpose. The sum of £7.6m exactly covered the cost of buying the shares, the stamp duty and the financing of the position during the time the institutions held them. Ansbacher denies that it ever bought the shares itself or carried them on its balance sheet

Initially, Ansbacher acknow Initially, Ansbecher account of the transfer edged to Guinness that the transfer was an interest-free deposit, but Grenfell rose strongly on the Stock Exchange yesterday, amid speculahad been dictated to it by Morgan Grenfell. On December 10, Ans-bacher sent another letter to Guinness making clear that the money had been used to purchase Guin-

The exact status of the money is gan Grenfell and Henry Ansbacher, at the centre of the Guinness con-the two merchant banks involved in troversy because of allegations that the Guinness affair, over the use to the brewing company's own money was used to buy its shares during the last summer's bitterly contested takeover bid for Distillers, in possible breach of the Companies Act. Guinness has denied that any

shares now belong to Guinness, though they are held in an Ans-bacher nominee company. Even according to Morgan Gren-

fell's account, the making of an interest-free deposit in connection with the purchase of Guinness shares could fall foul of the provisions of the Companies Act, which makes it illegal for a company to offer inducements or compensation to those who buy its shares without observing due procedures.

tion that its recent problems might trigger a takeover bid. Although it has a number of large institutional shareholders who are expected to remain loyal, the group might seek a further link-up.

INTERIM RESULTS

	Unaudited half year ended 30 September 1986 1985		Audited year ended 31 March	
• •	1200	1985	1986	
Turnover £'000	23,410	17,359	36,610	
Profit before tax £'000	2,110	1,759	3,850	
Earnings per ordinary share	20.8p	18.1p	39.2p	
Dividend per ordinary share	4.4p	4.0p	15. 0p	
Dividend cover (times)	4.7	4.5	2.6	

• Earnings per ordinary share up by 15% Bruntons and Woodhead successfully

acquired

CARCLO ENGINEERING GROUP PLC

# World Weather



# Democratic challenge

Continued from Page 1

projected to bring in \$22.4bn in 1988

Congress has in the past rejected many of these initiatives and they are undoubtedly controversial. Dra-matically cutting farm subsidies in the midst of a farm recession is not something Congress can view with

The alternatives are not attractive. Some, including Rep Gray, are toying with the idea of raising the \$108bn deficit target, a proposal which would leave his party open to the charge that its concern about fiscal responsibility is mere political responsibility is mere political responsibility is mere political responsibility is more form the implications of any decisions of oil import fee, are under discussions of congressional elections.

for visitors to national parks, are sion. The Democrats are however relactant to broach the subject of a straight tax increase while the President is still, steadfastly, against it.

Some Republicans on Capitol Hill

are wondering, therefore, whether just like it was the pro-defence Republican Party which initiated in 1985 the major slowdown in the growth of the defence budget, it

### Reagan warns on budget Continued from Page 1

in particular loans as well as the Elk Hills naval petroleum reserve and the Amtrak railroad – are presented as part of a "privatisation" effort aimed at reducing Government involvement in the private sector and increasing revenues. The White House estimates this could raise \$5.4hn in 1988.

However, it is in the area of spending cuts - where Congress must make the final spending and revenue-raising decisions using Mr Reagan's proposals as a guide or





# SECTION II - COMPANIES AND MARKETS

# **FINANCIAL TIMES**

Tuesday January 6 1987



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# Campeau to reduce debt with sale of Allied assets

BY JAMES BUCHAN IN NEW YORK

CAMPEAU, the Canadian property merged company. Campean plans \$1.7bm in a massive open-market developer, is to sell almost half of to sell such well known names as operation, financed by First Boston, Allied Stores, the large US depart- Bonwit Teller, Garfinckel's, Ply- in half an hour on October 24. ment store group it has owned for mouth Shops and Joske's.

Less than a week.

Of Allied's speciality store

takeover battle that ended in the agreement of Allied's management, announced it would be selling 18 of Allied's 24 store divisions to meet the onerous commitments set by its lending banks.

Under the terms of its agreement with lending banks, Campean must make payments of \$300m by June 30, \$500m by the end of this year and \$300m in the course of 1988, for a total of \$1.1bm.

tending panks.

The divisions up for sale contributed about 38 per cent of Allied's

Allied had net earnings of \$159m
in 1985, but a much in 1985.

Of Allied's speciality stores, Cam-Campeau, which paid \$60 a share, or at least \$3.4bn, in a convoluted womenswear chain, and Brooks takeover battle that ended in the agreement of Allied's management.

Under the terms of its agreement

Last Friday, Campeau announced that Edward J. Debartolo, a shopping centre developer that origi-nally entered the hid battle as a "white knight" for Allied, had lent it

Campean feared losing some \$250m in tax benefits available only pired on December 31.

Under the arrangement, Edward In a filing with the Securities and tent to which the purchase of Allied purchase 35 per cent of Allied for an Exchange Commission (SEC), Al- has stretched Compeau, which has additional \$60m and will buy Allied said that out of 608 stores, only sales of under \$200m. Campeau iled's five regional shopping centres arrangement, Edward J. Debartolo will have an option to purchase 35 per cent of Allied for an additional \$60m and will buy Allied sor for \$400m.

# Rockwell proposes defensive convertible share issue

BY OUR FINANCIAL STAFF

rocket engines, proposes to intro- ders. mon shares carrying 10 votes each. term investors in the corporation The move is a defensive tactic al- having a more significant voice in though "the board is not aware of its direction than short-term bol-

approved at the group's annual from 400m.

meeting on February 11, the shares At present, about 30 per cent of would be distributed by way of a Rockwell's 1481m outstanding one-for-one stock dividend. At the shares are owned by the trustee of same time, the board would consid- the company's employee savings er increasing the cash dividend. plan.

any proposals involving control of the corporation."

ders," it says. The company also proposes to increase the number of authorised common shares to 600m

ROCKWELL, the leading US manufacturer of military aircraft and rise 200m A shares is made in a class of shares will permit the electronics, space systems and proxy statement sent to sharehol- board and stockholders to have the desired amount of time to evaluate and consider offers affecting con-

> The new shares will be convertible at the option of the holder on a

ly converted when the shares are ited permitted transfers to family

generation integrated systems link-

ing voice, data and image communi-

# **US** steel chairman sells stake

... MR ALLEN PAULSON, chairman and chief shareholder of Wheeing-- Pittsburgh, the US steelmaker operating under bankruptcy protecin the beleaguered company to a fellow director, Mr Lloyd Lubensky.

The sale helped raise Wheeling-Pittsburgh's share price by \$% to \$8% in early trading yesterday although the company said it did not know why and at what price Mr Paulson had made the sale.

ment control of Wheeling-Pittsburgh in a boardroom coup in Sep-tember 1985, had earlier made his name in the aviation industry. In 1985 he sold Gulfstream Aerospace for \$637m to Chrysler.

Wheeling-Pittsburgh, the seventh-largest US steelmaker, announced last month that it would take a \$223m fourth-quarier charge against closing its rail business, thus wiping out any earnings for

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7.33

15 19

However, the group posted third-quarter earnings of \$19.2m. Thanks of largely to freedom from interest payments and more favourable la-bour and supply contracts made possible by chapter 11 bankruptcy

# Siemens to take control of Florida telecom group

SHEMENS, the West German electrical and electronics group, is stepping up its assault on the US telis assault on the US. Let iterations market through a ready distributes equipment iterations market through a through Tel Pius and believes that a the main operations of Telecom full takeover will help its efforts to Plus International, the Florida combreak into the US market for new munications group.

Siemens has agreed to lift to 100

Siemens has agreed to lift to 100
per cent from 35 per cent its stake
in Tel Plus Communications, the
main operating subsidiary of the
Boca Raton-based Telecom Plus
concern.

The move comes amid growing
efforts by the West German company
to gain a footbold on the deregulated US market for switching and
communications markets in Eu-

# **Indosuez in Canada move**

suez, the French investment bank, is to take a 19.7 per cent stake in the brokerage company, giving it a new international operating link.

The move has been made possible by proposed federal legislation opening up ownership of Canadian ternational securities network. In opening up ownership of Canadian

Mr Lubensky, a California businessman who joined the board of Wheeling-Pitisburgh a month after the Paulson coup, also runs American Jet Industries, an aircraft parts wholesaler he bought from Mr Paulson in 1962.

THE LAURENTIAN Group, Canader the Laurentian of the Laurentian of the Paulson coup, also runs American Jet Industries, an aircraft parts wholesaler he bought from Mr Paulson in 1962.

THE LAURENTIAN Group, Canader the Laurentian of the Laurentian of the Paulson coup, also runs American Jet Industries, an aircraft parts wholesaler he bought from Mr Paulson in 1962.

At the same time Rapause Indo-At the same time, Banque Indo-suez, the French investment bank, marais, can become majority owner

opening up ownership of Canadian investment firms to other financial services groups and outsiders.

Le Clerc, the second-largest Quebec-based brokerage group has expended by the second services of the UK money broker Exco.

In North America, Indosuez also

bee-based brokerage group has expanded nationally in the past two years.

Laurentian has about 10 per cent.

In North America, Indosuez also recently bought a majority stake in GNP Commodities, a trader on the Chicago futures markets.

# **BA** share offer date expected this week

By Michael Donne

BRITISH AIRWAYS' share sale nounced by the Government this Thursday, when the pathfinder prospectus for the sale is pub-

virtually all the key facts neces-sary for a flotation, except for the actual share price, which will not be revealed until much later this

All other relevent details will be included, however, such as the number of shares on offer level for such shares.

The information to be lished will include a profit fore-cast for the current 1986-87 fi-nancial year to March 31, which on current business trends is likely to be in the region of £145m (\$216m) pre-tax. A divi-dend forecast will also be in-

The prospectus is likely to be an encyclopaedia of British Air-ways' history and an extensive review of its likely immediate fu-ture, including forecasts of traffic

growth and profitabuty
88 and even beyond.
The airline's extensive future
autiquatent programme is exstantial sums involved. For the first time, details of the financial kage for the recent order for 16 new Boeing 747-400 Jumbo jets, with an option on 12 mere, will be revealed.

The airline will also outline its longer-term thinking on other forms of re-equipment, especial-ly for short to medium-range airly for some to measure liners, of which it is expected to meed a substantial number.

Writing the prospectus has been one of the most difficult tasks yet undertaken by the airline's management and its finan-cial advisers, in view of the unpredictable nature of the world

Even making a pre-tax profit and dividend forecast for the current year has proved difficult, even though the year still has less than three months to run. This is because unfor

ternational political events can have a serious impact on the air transport industry, as demon-strated by the sudden downturn in North Atlantic traffic early last summer in the immediate wake of the Chernobyl nuclear disaster in the Soviet Union and rise to fears of increas

ism in Europe. BA remains confident, however, that no matter what may happen over the next two months or so, it will still be consortably in profit for 1986-87 although forecasting for 1987-88 ren more difficult.

#### Citicorp 'plans Japan link'

By Anatole Kaletsky in New York RUMOURS of a tie-up between Citicorp, the largest US bank, and Dai-Ichi Kangyo, one Japan's higgest banks, circulated in New York yesterday following predictions of such an agreement made in a Tokyo newspaper last

An unconfirmed report in the Yomkuri Shimbun said Dai-Ichi would support Citicorp's credit cards in Japan, that the two banks would give customers access to each other's automated would mutually act as agents in lending and mortgage business.

Battle for Australia's Herald and Weekly Times Hots up Following New Bid

# Pressure mounts on Murdoch

Weekly Times (HWT) media concern yesterday reinforced pressure on Mr Rupert Murdoch to improve his bid and simultaneously drove stake. the stock market to unprecedented

A bout of feverish share trading oushed the widely watched All Ordinaries index up 16.2 points on the Australian stock exchanges, carrying it through the psychological 1,500 barrier to finish at 1,503.1. Leading the way yesterday was Queensland Press, the target of an

18910m (US\$606m) takeover bid from Fairfax announced late on Sunday night. It rose AS3 from Friday's close of A\$17.20 to finish 20

tion is the Courier-Mail. It is the and won the support of the board on largest shareholder in Melbournebased HWT, with a 24 per cent Mr Murdoch.

stake.

Analysts agreed that the move helped the bid for HWT made by taining that News Corporations alternative scrip offer is superior to that proposed by Mr Holmes a derpinning the remarkable value of Court because News Corporation is \$2005bp out on BURP by his hid. AS2.025bn put on HWT by his bid - so much larger and better known a value some have thought to be too than J.N. Taylor.
high. But Mr Murdoch's word may not

The critical question was whether be his last. For him the alternatives chief executive of Queensland Mr Holmes à Court's rival, Mr Murto raising his cash offer yesterday Press, is known privately to favour nal AS 12-a-share bid for HWT together or, more ambitiously, to made by News Corporation early hid directly for John Fairfax.

doch, would now increase his origi-appeared to be to drop the offer al-nal AS 12-a-share bid for HWT together or, more ambitiously, to

JOHN FAIRFAX GROUP'S intervention in the lor Holdings, part of his Bell Group. Financial Review. Like HWT, it also vention in the intense Australian fight of Queensland Press, the Brisher of the Herald and bane company whose main publication in the lor Holdings, part of his Bell Group. Financial Review. Like HWT, it also owns television of the first three of the board of the boar

meanwhile prevents any quick deci-Friday when it switched away from sion by the company over which of Mr Murdoch. sion by the company over which of the Murdoch or Holmes à Court offers to accept. That decision was likely to prove

difficult. The company is 48 percent controlled by HWT as the result of a cross-holding, but Queensland Press is not committed to accepting the HWT board recommendation of Mr. Holmes a Court's bid.

get of an unwelcome takeover, it day's close of A\$17.20 to finish 20 cents above the hid price of A\$20 a share. Share prices for Fairfax, HWT at A\$1.80m, was overtaken tractive than HWT, especially at three weeks later by one of A\$13 a current prices. It publishes the share from Mr Holmes à Court, Pairfax's entry into the HWT fray

last month.

The syuncy-based company now seems well placed to benefit from the latest developments – particularly if Mr Murdoch drops out or its old rivals at HWT end up in share from Mr Holmes à Court, prestigious Sydney Morning Herman Mr Holmes à Court's less experienced hands.

# Ottawa turns down share of Syncrude loan

THE Canadian Federal Govern- C\$1bn in net revenues from the opment has declined to participate in eration. Ottawa said it could not a C\$200m (US\$153m) loan being necome up with half the loan, as regotiated for Syncrude Canada to en-sure completion of its current

C\$750m expansion project. Syncrude, a consortium of several leading oil companies including Petro-Canada, has also already invested about C\$400m on expan and processing plant near McMur-ray, Alberta, to 150,000 barrels dai-ly. The programme was begun well pefore the late 1985 collapse in

world oil prices. The Federal Government said it has provided C\$2.5bm through fed-eral tax credits to Syncrude since it started up a decade ago while the

quested by Alberta.

Alberta has replied that the province is prepared to find all the mon-ey but will make sure the funds do not directly benefit Petro-Canada.

try posted aggregate net profit of about C\$650m in the first half of 1986, down 56 per cent from about C\$1.5bn a year earlier. Cash flow fell 32 per cent to C\$3.8bn, and capital spending dipped 14 per cent to C344bn.

Total industry revenues were down 22 per cent to C\$25.3bn, the

# Japanese shipbuilders' debts mount to Y69bn

BY YOKO SHIBATA IN TOKYO

Court for composition proceedings. With debts totalling Y69bn (\$436m) they represent the largest business failure so far by the Japanese ship-

Tanaka Sangyo, the group's core company engaged in ship leasing and the management of real estate, has seen its business performance deteriorate amid the worldwide

shipbuilding recession. The other two group companies involved in the court move are Minaminihon Zosen, the core shipyard lowing a proposal by Inland Steel, a within the group and Tanaka Shoji, a tracing company.

According to a private credit necessary Tanaka Sancti production in the US following a proposal by Inland Steel, a Nippon Steel spokesman said. Negotiations had been going on for over a year, he said, but no

seency. Tanaka Sangyo's debts to-

THREE companies belonging to the Tanaka Sangyo shipbuilding group have applied to the Oita District The creditor banks of these three The creditor banks of these three companies said they had concluded that their financial supports had a

> teral left. Tanaka Sangyo group is in the process of streamlining its business by reducing the workforce of its five shipbuilding group companies by 40 per cent from 1,680 to 1,000 work-

 Nippon Steel is considering the establishment of a joint venture for steel sheet production in the US fol-

This announcement appears as a matter of record only.

### **BHF-BANK**

A\$50,000,000

BHF-BANK FINANCE (JERSEY) LIMITED

14¼% Guaranteed Bearer Bonds due 1989

Irrevocably and unconditionally guaranteed by

BERLINER HANDELS-UND FRANKFURTER BANK

Issue Price 1014%

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> > DG BANK DEUTSCHE GENOSSENSCHAFTSBANK DRESDNER BANK AKTIENGESELLSCHAFT GENOSSENSCHAFTLICHE ZENTRALBANK AG VIENNA KREDIETBANK INTERNATIONAL GROUP **MORGAN STANLEY INTERNATIONAL** MORGAN GUARANTY LTD NEDERLANDSCHE MIDDENSTANDSBANK no. PRIVATBANKEN A/S

> > > RABOBANK NEDERLAND SWISS BANK CORPORATION INTERNATIONAL LIMITED VEREINS- UND WESTBANK AKTIENGESELLSCHAFT WESTDEUTSCHE LANDESBANK GIROZENTRALE

GROUP'S FOURTH YEAR AT THE TOP WITH \$44BN IN MANAGED SECURITIES

# Salomon heads corporate debt underwriters

US corporate debt market for the fourth consecutive year, Renter re-

Meanwhile, Drexel Burnham of \$19,35bn.

While Salomon's tally for 1986 is perienced less of an erosion in marper sharply from \$26.26bn in the previous year, the firm's share of the new issue market slipped to 19.4 per cent from 25 per cent in 1985, the IDD statistics showed.

Salomon's tally for 1986 is perienced less of an erosion in marper share.

According to its own figures, First Boston has managed 89.1 per cent of the deals in this specialised \$11.3bn market since it introduced The IDD statistics showed. A record \$230bn of new corporate flerings, including straight debt, asset-backed securities, colletera-

Lambert kept its number one position in the high-yield securities tion in the high-yield securities in

on the heels of a sharp drop in US interest rates.

That is more than double the prior record of \$104.9bn set in 1985.

market, IDD figures show.

Merrill raised itself a notch in the

managed \$3,72bm of "junk" for a 9 Morgan's strategy clearly yielded by, in the prior year.

It is prior year.

Drezel Burnham placed fifth overall for the second straight year.

It managed an estimated \$25.08bn

ports from New York.

It managed an estimated S41.33bn of general and convertible securities, according to figures compiled by IDD Information Services.

Managed In estimated S40.94bn compared with the prior year's tally of \$19.35bn.

the concept in March 1985. Morgan Stanley jumped to third place last year from sixth in the prior year. IDD estimated it managed tions. ised mortgage obligations, conver-or year. IDD estimated it managed lible securities and floating-rate \$27.42bn of offerings for a 12 per

SALOMON Brothers topped the list debt, flooded the market last year cent market share, up from 1985 retained the number four slot in the on the heels of a sharp drop in US volume of \$7.15bn and market overall debt market in 1986, with

They said Morgan also set out in high-yield area last year to number They said Morgan also set out in 1985 to increase its share of collations that place in 1985. It

managers, bringing an estimated section of new offerings for an 11 per cent market share, up from \$11.23 n and year for a 6.9 per cent market share, up from \$11.23 n and 10.7 per cent, respectively, in 1985, share. Morgan's tally for 1985, when it ranked fourth in this area, was \$1.00 to \$1

Merrill Lyuch Capital Markets wrote \$9.23bn of new offerings.

# INTL. COMPANIES AND FINANCE

has acquired the cement and construction materials businesses of

S.A. Cimenteries CBR Cementbedrijven N.V.

# **Genstar Corporation**

a subsidiary of

# **Imasco Limited**

The undersigned acted as financial advisors to S.A. Cimenteries CBR Cementbedripen N.V. in this transaction.

**Dillon, Read Limited** Dillon, Read & Co. Inc.

January 6, 1987

All of these securities have been sold. This announcement appears as a matter of record only.

New Issue

\$100,000,000

**General Motors Acceptance Corporation** 73/4% Notes Due December 1, 1993

Bear, Stearns & Co. Inc.

New York/Atlanta/Boston/Chicago/Dallas/Los Angeles/San Francisco Amsterdam/Geneva/Hong Kong/London/Paris

All of these securities have been sold. This announcement appears as a matter of record only.

New Issue

\$100,000,000

**Warner-Lambert Company** 

71/2% Notes Due December 1, 1993

Bear, Stearns & Co. Inc.

**The First Boston Corporation** Goldman, Sachs & Co.

Morgan Stanley & Co.

December 1986

#### Chicago futures exchanges see record volumes

By David Owen in Chicago

CHICAGO'S two major futures exchanges, the Chicago Board of Trade (CBOT) and the Chicago Mercantile Exchange (CME), last week announced annual volume resolute exchange annual volume resolute. cords capping another highly satisfactory year for the industry as a whole.

Volume at the CBOT, comfortably

the world's largest futures exchange, reached 100.8m contracts in 1986 – up 29.2 per cent from the 1985 level. Volume at the smaller CME, meanwhile, totalled 68.8m – an increase of 21.5 per cent from a

This represents the CME's 10th consecutive annual volume record. The CBOT has reached a similar landmark in 18 of the past 19 years.

# Belgian banks discuss revision of loan to Cockerill-Sambre

BY OUR FINANCIAL STAFF

BELGIAN banks are discussing a ed interest of 12.675 per cent. The possible revision of the terms of a second, made available in Novem-BFr. 27bn (5600m) loan to Cockerili-Sambre, the troubled steel group, the Finance Ministry said. Negotiations with the Government are ex-pected to be completed by the mid-

The loan, in three tranches each for 23 years, was obtained for the state-controlled steelmaker through the Wallonian Committee for the Public Sector, an organisation con-trolled by the local government in the Wallonian, or French speaking, part of Belgium. The first tranche, advanced in Ju-

ly 1984, was for BFr. 2bn and carri-

second, made available in November 1984, was for BFr 10bn at 12.25 per cent and the final BFr 15hn forwarded in July 1985, carried inter-

8 per cent, with the rest of the inter-est due paid through eight-year treasury bonds carrying relatively low interest, initially set at 7 per

similar arrangement, which involves relatively light sacrifice by the banks, could be one of the options under discussion.

Last summer, the Belgian Government renegotiated terms on more than BFr 1,300bn of long-term loans supplied by the country's major financial institutions.

Immediate interest was limited to 8 per cent, with the rest of the inter-

It is understood that the major banks most heavily involved in the Cockerill-Sambre loan were Gén-érale de Banque and Banque Brux-elles Lambert.

### N. AMERICAN QUARTERLIES

MEBANDIER Emspertation equip	-ont		PELÉSURY Fast foods		
hird quarter	1986-47 1		Second querter	1996-87	1905-06
	383.6m	CS 250m	Hoverus	1.000	1.kbbe
<b>YPEND</b>	72.00m		Het profits		36.60
c profits		4.20m	Not per share	. 4.2	
t per share	0.66	0.16		0.62	· 6.85
line mouths			_Six menths		
YORKS	7†\$m	<b>441.1m</b>	Reverse		2.86ha
t profits	29.1m	12.3m	Not profits	101.3m	100.8m
per shert	1.10	9.52	Het per chare	1.17	1.16
OPERVISION	<del></del>		R(TE AID Drag stores		
e care products					
<u> </u>			Third quarter	1006-57	
owth quarter 1	1885-96 1			•	
	8	•	Revious	432.5-	786.9m
PETUS	139.5m	98.4m	Not profits	17.4m	14.20
profite	120.87m	12.4	Het per shere		824
per share	10.93	- E.59	Hine months		
	1444			· 1.275a	1.13bn
			Revenue		
MINIO 9000	480,3m	33 im	Net profits	48.8m	4900
profits	†25.1m	35.2m	Het per skurt	1.18	1.04
per share	<b>†1.14</b>	1.59			
		•	TREZEC Property		
DERAL COUNTA			Year	1985-98 1	
			• .	_ CS	_ CS
ourth ounctor 1	1965-86 1		Reverse	719.3m	601,6m
annen den san	i and i	-	Net profits	71.5m	66.7m
			Het per share	0.53	6.42
<b>PRESS</b>	343.9m	244.6m	per	-	
profits	23.8m	23.3 <del>m</del> .			
per abero	0.65	0.62	JE WALTER		
			Building products	<u>·</u>	
700)	997, <del>200</del>	842.8m	Mark annual se		
profits	90m	86.5m	Pirat quarter	1986-97 1	
per shirt	2.46	2.20			8
P			Revisio	576.9m	<b>962</b> +
			Net profits	37.3m	31.7m
HORAL MEDICAL			Hel per shere,		116
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NOTICE OF PREPAYMENT THE MITSUBISHI BANK · (Incorporated in Japan)

US\$30,000,000 Callable Negotiable Floating Rate **Dollar Certificates of Deposit** 

No. FRCHEM4 00001 to 00030

Issued on 7th February 1984

Maturity Date 10th February 1988

Optionally Callable on 9th February 1987

Notice is hereby given that in accordance with the Clause of the Certificates of Deposit (the "Certificates") cates") The Mitsubishi Bank, Limited (the "Bank") will prepay all outstanding Certificates on February 9 1987 (the "Prepayment Date"), at their principal

Payment of the principal amount, together with accrued interest to the Prepayment Date, will be made on the Prepayment Date against presentation and surrender of the Certificates at the London Branch of the Bank.

Interest will cease to accrue on the Certificates on

The Mitsubishi Bank Limited London Branch
L, King Street, London ECZV SLQ
6th January, 1987

This announcement appears as a matter of record only.

Commercial Paper Program

Norddeutsche Landesbank Girozentrale

> We are pleased to have been appointed as a Dealer for this program.

MORGAN STANLEY & CO.

December 15, 1986



# **MORGAN STANLEY**

takes pleasure in announcing the opening of its offices on January 5th, 1987 in

Zurich

Guy Huet Managing Director

Morgan Stanley S.A. Bahnhofstrasse 69 CH-8001 Zurich Switzerland

Telephone: 01/211 0600 Telex:814607 mszch Fax: 01/211 9196 P. O. Box 6673 CH-8023 Zurich

Chicago Melbourne San Francisco Sydney

# INTERNATIONAL CAPITAL MARKETS and COMPANIES

plans big

capital

increase

based consortium bank which

specialises in Latin American

eneral reserve. The shareholders have also

The shareholders have also agreed to an increase in the share capital to £25.2m through a transfer from the general reserve of £8.3m, and

general reserve of £8.5m, and the issue of new shares to the owning hanks. Following these transactions, the reserve will stand at £22.7m, down from £26m last year. A subordinated loan of £10m is also to be converted in a perpetual loan, qualifying it as primary capital.

Mr George Gunson, managements

Mr George Gunson, manag-ing director, said these moves were intended to strengthen

were intended to strengthen
the bank's balance sheet at a
time when bank regulators
are asking banks to improve
their capital ratios.

Eulabank has converted its
general reserve from sterling

By David Lascelles

# Eurobond market back to Eulabank work with a vengeance

by Jamany,

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Rucher of the state of

THE EUROBOND MARKET got back to work with a vengeance yesterday after the Christmas and New Year break. Of the day's crop of deals, a couple in dollars, for triple-A rated names, stood out. But a string of issues in Australian dollars and one in sterling also appeared, testifying to the strength of demand for these higher-yielding sectors that has built up over the past few weeks.

Nevertheless, Kleinwort for the time of year, even Amre Bank. The 103 per cent and is priced at also been attracting demand from Continental investors in the trading, although it slipped sterling, and higher of prices. It was left buoyant yesterday as creen at one stage at a discount the gits market eased.

Nevertheless, Kleinwort interest seemed low Benson issued a £50m issue for the time of year, even Amre Bank. The 103 per cent has The Eurosterling sector has the continental investors in the 12 per cent fees in early view of the recent strength of trading, although it slipped sterling, and higher of prices.

Investor interest: seemed low Benson issued a £50m issue for the time of year, even Amre Bank. The 103 per cent has a sector has performent in the per cent and is priced at also been attracting demand from Continental investors in the signed. The Eurosterling sector has the performent of the sector of the sector in the signed at the per cent fees in early view of the recent strength of the signed at the performent of the sector in the sector is sector in the sector in the sector is five-year issue was priced at presently underplined by hopes of its to appear on a broker. It was left buoyant yesterday as the sector in the sector

its \$200m deal for Finland swiftly in the morning even though some dealers were dublous about investor interest in paper as long as 10 years. None the less, the terms looked attractive for an issue that is rated triple-A by both US rating agencies. With a coupon of 74 per cent and issue price of 1011, the deal provided a yield margin of about 70 basis points over US Treasury bonds.

over US Treasury bands.

Morgan Guaranty said it bought only small amounts of the issue back in the course of the day. The bond was quoted at discounts within the level of the 2 per cent total fees.

Deutsche Bank Capital Markets found a more reserved response to the \$200m debut Eurobond issue it led for Kreditanstalt fuer Wiederantbau (KfW) with CSFB as colead. This was surprising, insofar as KfW's credit standing is close to that of the West German government. It is a state agency established under its own act in 1948, and directly supervised by the Ministry of

agency established under its own act in 1948, and directly supervised by the Ministry of Finance, which provides finance for domestic investment and export financing.

The trouble is that many dealers are unfamiliar with KfW's name, although Deutsche Bank said that it should be familiar to long-standing institutional investors which have bounds. The Government Insurance Office of New South Wales

In Swiss france, Megal to Swiss fran

The issue, which matures in was launched with a 14 per cent January 1994, pays interest at coupon and 101f issue price.

accept underwriting positions fees. this week as a heavy load of Wa INTERNATIONAL '

new deals is expected and they will want to leave space for their own issues. Houses active in the Australian dollar sector were

bond for the Government Insur-ance Office of New South Wales.

Listed are the latest international bonds for which there is an adequate secondary market.

FT INTERNATIONAL BOND SERVICE

### AB Electroist 10-2 90 AS 59 1855; 1854; 46-8 As Electroist 10-2 90 AS 59 1855; 1854; 46-8 Assatis Fin. 10-5, 90 AS 60 995; 1895; 46-8 Assatis Fin. 10-5, 90 AS 60 995; 1895; 46-8 GMAC 12-7, 29 AS 60 995; 975; 46-8 GMAC 12-7, 29 AS 60 995; 975; 46-8 GMAC 12-7, 29 AS 60 995; 975; 46-8 GMAC 94, 92 CS 75 128-9; 280 6 Cinyster Corps. 10-9, 90 CS 75 128-9; 280 6 Cinyster Cor

EULABANK, THE London specialises in Latin American finance, yesterday reported a small decline in pre-tax profits, but is substantially increasing its capital.

The bank earned £8.7m (\$13m) after making what it described as "substantial" provisions against its Latin American lean book. This compares with earnings last year of £8.9m. The decline was due partly to lower yields on the bank's own reserves, and to exchange rate effects. As in previous years, Eulabank is paying no dividend to the 22 European and Latin American banks which own it. Instead, it is making a transfer of £4.8m to its general reserve.

Warburg Securities' two Eurosterling issues for Deutsche Bank and Kredlethank, issued last Friday, were also quoted within their fees yesterday, although their prices eased slightly during the day.

In West Germany, Chryslet-Financial issued a DM 150m 61 per cent 1997 bond, priced at par. Led by Morgan Guaranty, the swap related non-callable issue is a club deal. Paper was trading within fees at less two bid, writes Haig Simonian.

Dresduer Bank led a DM 150m non-callable issue for Hammerson Property Investment and Australian dollar sector were par. Led by Morgan Guaranty, rushing to take advantage of the enthusiasm shown for this high-yielding sector over the last few weeks by Continental investors. They have been reassured by the firmness of the currency and declining domestic interest rates in Australia.

Broken Hill Proprietary, the petroleum, minerals and steel group, issued a A\$75m five-year bond led by Orion Royal Bank. It pays interest at 14f per cent and is priced at 101f.

Meanwhile, Hambros Bank led a A\$40m 5f year bond for CSR, the Australian sugar refinging and building materials company. This bears a 14f per cent in Swiss francs, Megal

into dollars in arder to pro-duce a better currency match between its liabilities and its meets. However, it intends to study the recent decision by Scandinavian Bank, another consortium bank, to convert its share capital into Finland is raising LFr 300m through a 74 per cent six-year privately-placed bond, led by Kansallis International, which is several currencies before considering a similar move also leading a simultaneous LFr 2.7bn syndicated loan.

Total assets of the bank are Total assets of the bank are £820m. Of this, loans account for £564m with 95 per cent of them to public and banking sector borrowers in Latin America. Eulobank says its provisions more than cover its private non-bank sector risks. If has improved its borrower profile through asset swaps, and the board recently approved its participation in the new financing package for Mexico.

pation in the new manning package for Mexico.

The hank is now developing new sources of business, particularly trade finance with Latin America. Mr Gunson said \$50m of lines had been set up.

Danish central bank lifts limit on intervention

THE NATIONAL (central) hank of Denmark yesterday raised the limit on interest rates at which it will inter-vene in the day-to-day money

cent.

The bank said the move was made in response to pressure on the krone warket has also The bend market has also suffered from the currency ameertainty. Prices have meeritality. Prices have fallen by about 31 points in the first two trading days of the New Year, pushing effective yields an government houds to about 112 per cent and on mortgage bonds to 123 per cent.

Tokyo forex brokers extend trading hours

THE EIGHT Japanese brokers on the Tokyo Foreign Exchange Market have extended their trading hours in response to the authorities' approval of 24-

hour trading.
Until now, foreign exchange dealings through the volume or susiness has been conducted by the 46-odd foreign banks in Tokyo out of hours, through the eight brokers' offshore agents and

of the rapid expansion of foreign exchange operations that has followed the growth in transactions by Japa markets.

Approval by the Ministry of Finance and Bank of Japan of 24-hour trading, as well as accepting the changing reality of the market, represents an attempt to win back to Tokyo much of the yen-dollar business that has been transacted in Hong Kong and Singapore in recent years.

Figurine Panini FIGURINE PANINI has asked us to correct a report in the FT of November 14 1986, describing their busias the production of alabaster figurines. The com-pany is in fact a leading pub-lisher and distributor of selfadhesive picture cards and albums. We regret the conHaig Simonian on West Germany's largest government-owned bank

# KfW to increase funding abroad

Once the rubble was cleared, it started to change character, by the 1950s new activities like

on board.
Since then, KfW has grown into West Garmany's largest government-owned bank and the country's thenth higgest bank overall. Its balance sheet is expected to reach about DM 93bn by the end of this year. Some 80 rec cent of its canital

prosperous eastern border are prosperous eastern border are likely to qualify for cheap loans, as are those creating new jobs. It also provides funds to environmental projects and energy saving schemes. In all, loans and guarantees to West German business and industry make up-47 per cent of KfW's total portfolio

export finance were bing taken on board.

Some 80 per cent of its capital is held by the Federal Republic, the remainder owned by West

German states.

Although it has diversified from post-war bricks and mortar, KfW remains an important state-supported sponsor for West German economic manage-ment. Lending to flexible small ment tending to nextone and and medium-sized companies, seen by successive governments as among West Germany's key economic assets, is KfW's bread and butter.

The bank is also a cog in the federal government's regional and structural policy. Companies located on West Germany's less

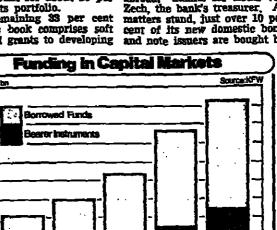
KfW does not normally lend directly to its clients, but is a wholesaler, lending through borrowers' commercial banks,

IT MAY NOT roll off the notably for ships and aircraft of the cake, account for almost ing the fixed-rate long-term tongue, but Kreditanstalt fuer — are KfW's second sphere of half the total funds raised in financing needs of its domestic Wiederanfbau (KfW) West interest. Export credits and the past two years.

Germany's Reconstruction Loan lending to foreign borrowers "KfW has up to now been now changing as dollar-denomination." Corporation, is a name likely to become more familiar to international investors after yesterday's \$200m Eurobond launch.

KfW was set up—as its title implies—to co-ordinate West Germany's post-war reconstruction with Marshall Plan aid.

Once the rubble was cleared it



countries, for which it is the federal government's exclusive channel. Funds come directly from the federal exchequer

Aff W has developed a grow-ing appetite for funds in recent years. Its borrowing has risen from DM 4.1bn in 1982 to more finan DM 10bn today. The public sector still accounts for 55 per cent of its outstanding llabilities, against 45 per cent raised in the market. However, private sector borrowing is becoming increasingly important.

The bank uses the whole gamut of West German founds, although it is of issues, medium-term notes and schuldscheine (debt certificates). Bonds and notes which 1966.lun-Nov 1985

he past two years.

"KfW has up to now been now changing as dollar-denomi-

currency,
Hence KfW's Eurodollar
debut. The bank is unlikely to
become a prolific Euro-borrower
—despite just gaining a triple
A rating from both US credit
agencies, Careful matching of
assets and liabilities means it

assets and liabilities means it will only borrow abroad when it has a matching foreign currency loan exposure.

KfW's senior managers dismiss talk that it has not made enough of its blue-chip status—its borrowing is backed by the full faith of the Federal Republic—which could let it borrow much more aggressively abroad, possibly on the lines of the World Bank.

The bank's board of directors,

which reads like a Who's Who of the West German public and private financial and industrial establishment, would not approve of any overt currency risk. There may also be some tacit discouragement from the

borrowers' commercial banks, issues, medium-term notes and which then assume full liability for servicing the debt to KfW.

Long-term export credits — including bond are KfW's second target. In the a picky borrower; but there can be few houses which would not cates). Bonds and notes, which on fixed-rate medium- to long-like to have their name on its have been taking a larger slice term domestic DM debt—reflect.

# Banks to meet on \$330m Redec debts

INTERNATIONAL banks will schedule the company's debt.

meet in Bahrain at the end of this week in a bid to recover loans worth more than \$330m they made to one of Saudi world in December 1985 when arabia's most prominent private sector companies, Reuter reports debt to more than 40 international hanks. sector companies, Reuter reports it suspended payments on its from Bahrain.

Bankers said that creditors of the Saudi Research and Development Corporation (Redee) will be presented with a plan to re

sector companies, Reuter reports it suspended payments on its debt to more than 40 interports on its debt to more than 40 interports on its current exchange rates. Debts owed by subsidiaries totalled a further 285.5m riyals.

Since then, a series of bitter Redec is a conglomerate with interests ranging from hotels and shipping to cement. It grew tapidly in the Middle East off

their losss.

At the end of March 1986, Redec's direct debt to banks totalled 968.8m riyals, \$258m at

to attach Redec assets to repay boom years of the late 1970s and early 1980s but ran into financial problems as the region's

This announcement appears as a matter of record only.

December, 1986



U.S. \$300,000,000

Bank of Greece

Eurocommercial Paper Programme

**Dealers** 

**Bankers Trust International Limited** Morgan Grenfell & Co. Limited Salomon Brothers International Limited Saudi International Bank AL-BANKAL-SAUDI AL-ALANI LINITED

Union Bank of Switzerland (Securities) Limited

Co-ordinated by

Salomon Brothers International Limited

Morgan Grenfell & Co. Limited

The grices over the past week were suspiled by: Krediethank NV; Commerdank AG; Dautsche Bank AG; Westientsche desbank Giropentrale; Banque Generale du Licembourg SA; Banque Internationale Luciembourg; Krediethank Licembourg entene Bank Nederland NV; Pierson, tieidring and Pierson; Credit SuisserSwiss Gredit Bank; Bank of Tolgo International; entene Bank International; Classe Manhattan; Citicorp International gange Banks Banks NV; Credit Commercial de France unities); EBC Antro Bank; LTCB International; Robert Fleming and Co.; Pirst Chicago; Goldman Sachs International poration; Harnbrox Bank; EJ International; Kidder Peabody International; Marrital Lynch Pierte Fetner and Smith; Morqua sley (International; Micros); Micros Securities Company (Europa); Nompan International; Orlon Royal Bank; Samoet Morapa and Co.; select Generate Strauss Tumbult; Sumitomo Flance International; Swist Bank Corporation International; S. G. Warburg and international; Sach Corporation International; S. G. Warburg and

traight Bendu: The yield is the yield to redemption of the mis-price; the amount issued is in willions of currency units except for Yes bonds where it is in billions. Change on week-Change over sales a week confirm.

**ASH US** 

associate

offshoot

By Charles Batchelor

sells major

Network Security Corpora-tion, a US electronic security company, in which Automated Security Holdings (ASH) has a

26.5 per cent stake, is selling Network Multi-Family Corporation to Inspectorate Inter-national for \$39m (£26.3m).

national for \$39m (226.5m).

Inspectorate, a publiclyquoted Swiss company headed
by Mr Werner K. Rey, has also
bought a 12 per cent direct
holding in Network from Mr
George K. Broady. Network's
chairman and chief executive.
Inspectorate is an inspection
and engineering consultancy
group which has also built up
a property portfolio and banking interests under Mr Rey.

Mr Chris Boon. of ASH, said

Mr Chris Boon, of ASH, said the sale of Mutli-Family, which instals alarm systems in apart-

instals alarm systems in apartment blocks, was "a disappointment for us strategically." It represented a large part of Network's profits and the Network state had been bought in November 1984, to give ASH a foothold in the US.

ASH still had first refusal over Mr Broady's shares but it was unlikely to match the price

was unines; to instead the face paid by inspectorate of more than \$9 each, when the market price at the time had been about \$5m.

Multi-Family had been plan-

ning a public listing in the US but was approached by Inspec-

torate with an offer at the pro-posed listing price so accepted,

Mr Boon said.
Mr Broady has sold his entire holding but intends to remain as chairman and chief executive.
ASH said it was not alarmed at

this development and that Mr Broady had financial commit-

ments elsewhere which required

Inspectorate acquired CPS

Computer, a loss-making USM-quoted computer distributor last

# All-round growth gives FNFC 65% profit boost

poration, the once ailing finance group, increased pre-tax profits by 65 per cent in the year end-ing October 31 1986, and expected to report further improvements this year.

Pre-tax profits amounted to £36.4m compared to £22.1m last year. Both of the company's main operating divisions, lending and property and con-sumer credit, contributed to the

Lending and property, which includes the newly acquired bank Twentieth Century Bank ing, and its property-owning activities, earned £13.9m. Of this £4.6m was earned by TCB in the city was earned by TCB. in the six months since it was bought. The remainder came from the management and dis-posal of some of the flats which FNFC still owns through fore-closures on defaulted loans.

The consumer credit divithe consumer cream over-sion earned £27.1m, up from £18.4m, mainly from activities like home improvement loans and personal loans. The loans



Mr Richard Langdon, chair-Corporation

were almost all at variable Charged against the earnings of both divisions was \$4.5m in financing costs incurred

through First National Securities (Holdings) which finances the group's loan stock.

Total dividend for the year is 6.39 per share, up from 4p last year. Earnings per 10p share were 27.4p (16.5p) basic or 24.3p (15.5p) fally diluted.

The group still has £30m in tax losses, but these could only be applied selectively revinst the earnings of the parts of the company where the losses were

Mr Richard Langdon, chairman, said that earning assets had increased from £470m to More than £800. "Thus we enter 1987 with confidence and the half of the confidence and the said of the confidence and the confide in the belief that we will report

He said that FNFC might make further acquisitions, but these would be of a tactical rather than strategic nature, and would be related to the company's existing activities. He mentioned building societies as one possibility.

See Lex

#### **Bryant** issues **ECC** bid defence bolster

By Clay Harris

Bryant Holdings, the Midtands-based housebuilder and property developer, will publish today a long-awaited asset valuation to bolster its defence against a takeover bid from English China Clays.

Bryant will also produce a profit forecast for 1987-88 to add to its previous prediction of more than £21m in the year to May 1987.

ECC has failed to convince the stock market that its three-for-seven share offer will be sufficient to win Bryant. The clays, quarrying and construc-tion group's shares closed yesterday at 3111p, valuing Bryant at 133.5p, below the market price of 162p.

An increased offer, although prematurely anticipated three weeks ago by Bryant's financial advisers, had not been expected weeks ago by Bryant's financial advisers, had not been expected to emerge until after Bryant updated the valuation of its defrom economies of scale in clients of itself and of Cazenove. velopment land bank from the areas such as material costs, Dealings in the new shares will \$71.9m figure at May 31 1986. product development, overheads start on January 12.

# Metal Box in \$13.9m US printing expansion

It will place 5.32m shares, representing 1.7 per cent of its enlarged equity at an underwritten price of 175p each.

Rudco is a privately-owned cheque printer operating principally in the mid Atlantic and to make an operating profit of north-eastern states. It made an \$900,000 this year on sales employs 670 people.

employs 670 people.

The Rudco purchase comes three years after Metal Box first went into security printing in the US with the establishment of greenfield site in Los Angeles in 1983. It went on to buy 48bn cheques. This is expected Clarke Checks, operating in the South and South West in April 1985 and Chek Print, Seattle.

Metal Box, the packaging and computer systems, the group is expanding its security printing operations in the US with the purchase of Rudeo industries for \$13.9m in shares adversely affected by the cost of larging larges in the cost of a three-year programme to re-Rudco's 1985 profits were adversely affected by the cost of a three-year programme to reequip its plants with offset printing technology and the implementation of a computerised involcing system.

pally in the mid Atlantic and to make an operating profit of north-eastern states. It made an \$300,000 this year on sales operating profit of only \$200,000 similar to those of 1985. Metal on sales of \$38.9m in 1985 and Box said it was confident of

to grow by 8 per cent a year.

Barings, Metal Box's mer-

# lift Carclo profits to over £2m

INCLUDING a contribution of £236,000 from Bruntons (Musselburgh), acquired late August 1986, taxable profits of Carelo Engineering Group, Huddersfield - based card clothing and engineering products concern, moved ahead from £1.76m to £2.11m for the half year ended September 30 1986. Turnover amounted to £23.41m, against £17.26m, and included £5.14m from Bruntons.

The directors stated that results for the six months reflected satisfactory trading remetied satisfactory training from the group's operating divisions and, spart from Bruntons, took into account the equity accounting of the group's investment in Jonas Woodhead—acquired last November.

companies in the enlarged group had order books higher than at the same time last

Fully diluted earnings per share were given as 20.8p, compared with 18.1p while the interim dividend is in-creased to 4.4p (4p) net.

Having tidied up the core business of eard clothing and sold off the Indian substitlary, Carcio is now tiptoeing into the limelight as a miniconglomerate but these figures reveal only the earliest stages of its expansion plans. Bruntons is only just included in these figures and Jonas Woodhead was not bought in time to make a contribution in the first half. For the immediate future, the company will concentrate on mmemate ruture, the com-pany will concentrate on digesting its revent purchases but the 11 per cent stake in Deritrend Stamping gives a hist of things to come. Card clothing may seem an un-exciting business but textile producers depend on it and the harriers for entry into preducers depend on it and the barriers for entry into the market are high, so major suppliers like Carcio benefit from any upsurge in demand. The other main prescutation arm was wire which mainly supplies the consumer goods industries and has thus been helped by the recent upsurge in consumer demand. For the full year, pre-tax profits are likely to be around \$4.7m, putting the shares at 439p, on an undemanding prospective p/e of just under 10.

# Acquisitions | Norfolk Capital agrees to talks after approach from S & N

BY CLAY HARRIS

Norfolk Capital, the hotels group, has agreed to talks this week after an approach by Scottish & Newcastle Breweries. Mr Anthony Richmond-Watson, Norfolk chairman, confirmed that S&N was believed to hold about 5 per cent of his company, although official notification had not been received. Mr Alick Rankin, S&N chief

executive, had sought discus-sions and Norfolk had agreed sions and Noriolk had agreed as it would with any 5 per cent shareholder, Mr Richmond-Watson said. As to Norfolk's attitude to any bid from S&N, Mr Richmond-Watson said: Financial advice, in any case, "One hasn't come. We're not going out looking for one." which has also acted for Norfolk the six months to June. S&N operates 29 hotels extrating pose a conflict, Mr Rankin said.

Financial advice, in any case, was a matter of "special situations" these days and S&N 2p lower at 198p.

**BSR's Taiwan offshoot** They added that almost all BSR International has sold its former subsidiary Tenby,

Capetronic electronics group of subsidiaries based in Taiwan to its management for \$12.25m (£8.29m) and will apply the proceeds to reducing group

debt. Morgan Grenfell, advisers to Morgan Grenfell, advisers to BSR, said yesterday that the disposal of Capetronics "removes a high avolume, low margin business which has a high currency risk."

Under the impact of the strong Taiwaness dollar and the

strong Taiwanese dollar and the yen, Capetronic has struggled to maintain profits and in spite of a pre-tax contribution to the group of £600,000 in 1985, the sub-group had a negative net worth of £3.5m. After this disposal BSR,

contribution of £2.42m.

Capetronics management will pay BSR \$5m in cash, \$6m in bank guaranteed promissory notes, and \$1.25m in 7 per cent convertible redeemable preference shares in the new company they are forming.

Mr Bill Wyllle, BSR's chairman, said in a statement that after this sale the group would be predominantly a high tech electronics business concentrating on the computer, informa-After this disposal BSR, which was once a top name in the record player turnable business, will consist primarily of Astec, the power supply switching equipment company based in Bong Kong, Swan, the household electrical goods company and a 60 per cent stake in they are forming. We will be predoming. We will be predominantly a high tech electronics business concentration and telecommunications markets.

Management buys out

rising sterling value of the working capital requirements of the Capetronics operation by the interim stage. Shareholders'

funds totalled £57.6m and in

cluded the negative Capetronic contribution of £2.42m.

Mr Rankin has declined to had a "variety of good conconfirm or deny that it has tacts," he said. Hill Samuel built up a stake in Norfolk declined to comment yesterday capital. He said, however, that in the hypothetical case of S&N making an approach, it would not be able to use Morgan Grenfell as advisers as it did, for example, in its bid for Matthew Brown.

British in Edinburgh, both British in Contomber 1986. It

appointed it as adviser.

Norfolk Capital operates 10
hotels including the Royal
Court and Norfolk in London
and the Caledonian and North
British in Edinburgh, both
bought in September 1986. It
reported pre-tax profits of Mr Richmond-Watson is a reported pre-tax profits of £439,000 on turnover of £5.6m in director of Morgan Grenfell, which has also acted for Norfolk the six months to June.
S&N operates 29 hotels through its Thistic Rotels sub-

# for Cement Roadstone

and paving contractor. Produc-tion capacity is 350,000 tons per annum and in 1986 the company

annum and in 1986 the company made pre-tax profits of \$1m on a turnover of \$10m. The acquisition will comple-ment the road and construction busines of Callanan Industries,

busines of Cananan industries, bought in 1986 CRH spent £57m on acquisition of construction-related businesses, primarily on six companies in the US.

#### Blue Circle

A subsidiary of Adelside Steamship has raised its stake in Blue Circle Industries, build-

# **US** purchase

Cement-Roadstone Holdings, Cement-Roadstone motionings, Dublin - based construction materials group, has bought King Road Materials of Schenectady, New York, for \$5.6m (£3.8m). The cost in-cludes an acquired debt of Torner subsidiary Tenby.

Tenby was floated in the USM
last June and it is expected that
Swan will be similarly spun
off within the next year.

At the end of 1985 BSR had
net debts of £37m, which increased due to the cost of the

\$1.4m. King is an asphalt producer

ing materials group, to 9.57 per cent. Blue Circle shares well 4p to 674p yesterday.

cant of asset value, were not comparable because, in effect, they had been disguised rights issues through the liquidation of the portfolios.

Panfida intended to maintain

IIS as an investment trust. In

### Fisons' £7m US expansion

June for £1.65m.

the sale.

By Philip Coggun

Fisons, the drugs and horticulture group, is paying \$10.4m (£7m) in cash for US company J & W Scientific. The Cali-fornia-based company makes capillary columns for use in high resolution gas chroma-tography.

Gas chromatography is an analytical technique used by the pharmaceutical agricultural and environmental industries. Fisons already owns Carlo Erba, a company which makes chromatographs and the pur-chase of J & W is part of the group's strategy to expand the manufacturing content of its equipment distributors in the US.

# Anglia Secure

Anglia Secure Homes builder and manager of she tered homes, is buying Cound Page, the Cambridge-based architects. The initial con-sideration of £488,000 is being satisfied by the Issue of 174,330 ordinary chares. Further per-formance-related consideration to a maximum of 45,977 shares, will be paid.

## IIS rejects Panfida's offer BY CLAY HARRIS left open the possibility of offer-ing more than 100 per cent. IIS, at prices of 98 to 100 per

The unanimous rejection also cast doubt on Panfida's invest-

ment record. Apart from its 28.7 per cent holding in IIS, its

inadequate and unacceptable the takeover bid from Sydney-based Panfida which values the listed investment trust at £55m. IIS said that Panfida's offer of 94 per cent of formula asset value, worth about 900p, was significantly below recent offers

for other investment trusts. It noted that Panfida's placing

only investment since flotation in May 1986 was a stake in an Australian pastoral co-operative.

### Hawker purchase

Hawker Siddeley has acquired US company, for \$8m (£5.5m)

Connectron, based in Laurence Harbor, New Jersey, manufacturers fuseholders, electrical terminal blocks, connectors and control circuit breakers.

The acquisition, carried out via Hawker's wholly-owned US on of 20 or so companies using offshoot Brush Fuses, brings the market on its first day of dealings. Hawker's total investment through acquisitions in the US since September 1985 to more than \$165m.

Mr Ken Vere Nicoll, UKbased director, of Panfida, said
yesterday that the three offers the one being offered for IIS. **Corton for Third Market** 

Corton Beach, which has more than 28m. Its shares are interests in the automotive currently traded under the entertainment, food and leisure. Stock Exchange's Rule 535(2).

wear fields, has announced its

Vesterday Corton Beach. intention of joining the Third

Market. The Third Market is the new forum for trading in the shares of young unquoted companies which will be introduced by the Stock Exchange later this month. Corton Beach should be

dealings.

After its Third Market introduction, through the stockbrokers, Heseltine Moss, Corton around £700,000 for the full Beach should be capitalised at year.

motor dealers, for a profit rela-ted payment of £1.25m in cash and shares. The company expects to stage another acqui-

In the six months to August 2

All these Notes have been sold. This announcement appears as a matter of record only.

# Landesbank - London Branch -

A\$35,000,000 14 per cent. Notes due 1991

Issue Price: 1011/4 per cent.

Hambros Bank Limited

**ANZ Merchant Bank Limited** 

Banque Bruxelles Lambert S.A. BKA Bank für Kredit und Aussenhandel AG

Commonwealth Bank of Australia

**Kredietbank International Group** Lloyds Merchant Bank Limited

Morgan Guaranty Ltd Norddeutsche Landesbank Girozentrale

Rabobank Nederland

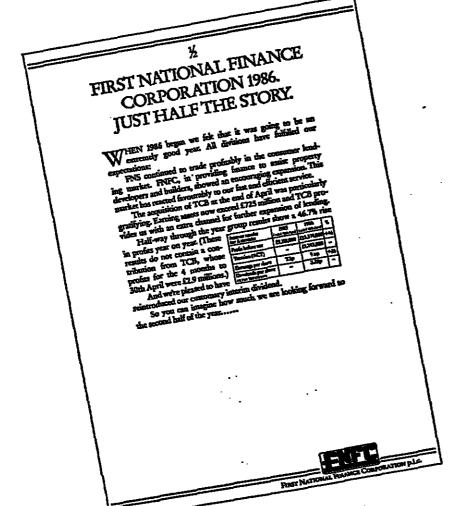
**Bain and Company** Banque Générale du Luxembourg S.A.

Commerzbank Aktiengesellschaft EBC Amro Bank Limited

Landesbank Schleswig-Holstein Girozentrale McCaughan Dyson and Co. Limited

**Morgan Stanley International** Orion Royal Bank Limited

Security Pacific Hoare Govett Limited



# The second half

Finance Corporation has gone from strength to strength in the second half of the year.

It's partly because of the increased profit generated by our successful acquisition of TCB in April. But even without that extra input we've shown

exceptional growth. Profits have reached a record high and are 65% higher than last year Earnings per share are up by 66%. Earning assets are over £800 million. And we

Full year results to 31st October 1986 1985 Profit before taxation £36,426,000 £22,068,000 (£322,000) Cz £1,502,000 Preference Dividen £1,599,000 Earnings per share 16.5p 2.8p 6.39p

are returning to a full year of dividends.
This success has been across all our divisions. First National Securities has been trading even more profitably in consumer lending and we have continued to expand our commercial lending and property development activities.

We are looking forward to contimed growth in business activity and



FIRST NATIONAL FINANCE CORPORATION p.l.c.

# **UK COMPANY NEWS**

David Goodhart looks at Pegler Hattersley six months after Tomkins takeover

# The super-tanker has started to turn

THE TAKEOVER trade begins the new year in low esteem. The mega-bids are increasingly regarded by the public as inspired by little more than executive vanity or merchant bankers' lust for fees, with the laurels invariably going to those companies with the sharpest share jugglers on their side.

But before such sentiments conspire to bury the contested bid in 1987, F. H. Tomkins

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The E

conspire to bury the contested bid in 1987, F. H. Tomkins would like to tell its story. Tomkins—a leading engineering mini-conglomerate run by a former Hanson Trust executive, Mr Greg Hutchings—completed one of the most audacious bids of all in 1986.

For about £190m it acquired Pagler Hattarcian the rabous and

regired lattersley, the valve and tap group with about three times Tomkins' turnover and pre-tax profits.

pre-tax profits.

It was a classic case of the shareholders in the bid-for company buying in a new management team at the price of hefty dilution in their stakes. In return for about 70m new ordinary Tomkins shares—62 per cent of the enlarged equity—PH shareholders provided 75 per cent of pre-tax profit and 86 per cent of pre-tax profit and 86 per cent of net assets.

As if slightly stunned by its own audacity in handing PH over to Tomkins in June, the City promptly turned down two more similarly "cheeky" bids:

that were on the way.

"Tomkins have injected pace—that's the most important thing," says Mr White. "They also found it odd that there was a central treasury function and yet all the cash was kept in the susbidiaries. Tomkins has made major management changes at only one company—Pegier Louden—but has implemented a new three-division structure integrating the two companies.

Each division is rum by a director working closely with out several former PH executives of P. H. Tomkins straight bad business," he says.

He also found it odd that there was a central treasury function and yet all the cash was kept in the susbidiaries.

Tomkins have injected pace—that's the most important there was a central treasury function and yet all the cash was kept in the susbidiaries.

Tomkins have injected pace—that's the most important thing," says Mr White. "They also found it odd that there was a central treasury function and yet all the cash was kept in the susbidiaries.

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Tomkins have also found it odd that thing," says Mr White. They also found it odd that thing." Says Mr White. They also found it odd that there was a central treasury fu

per cent of pre-tax profile of 55 per cent of pre-tax profile and 55 per cent of net assets.

As if slightly stunned by its own audacity in handing PH over to Tomkins in June, the City promptly turned down two more similarly "cheeky" bids: Evered Holdings for McKechnie Brothers, and Siebe for APV.

In retrospect Tomkins thus came to be seen as fortunate to have slipped through the door before it slammed shut. But with six months' reorgan-isation at PH behind him, Mr Hutchings appears to believe that the PH-Tomkins combination provides one of the clearest recent vindications of the takeover system. "It would have been an endorsement of medio-crity if we had lost," he says.

Pre-takeover PH was, in fact, far from a hopeless case. Profit far from a hopeless case. From margins were close to 10 per cent and although earnings per share growth was flat (compared with Tomkins' 33 per cent appalled by how financially a year), capital investment of backward PH appeared to be.

"We were staggered to find the companies kept no return on

During the final weeks of the bid last June he was stoutly defending the PH record and claiming it was virtually un-improvable upon. Mr White is still at his desk in Doncaster from where he now maintains with a politician's flair for fudge—that he is both a con-vert to the "Hutchings Way," yet is merely speeding changes that were on the way.

tives—but most, like Graham one, for example, consisting White, have stayed to undergo mainly of original Tomkins'

"re-education."

Unlike the other well-known conglomerate, Williams Holdings, which relies on its "hit grounds" to original Tomkins bucket as lawnmower maker Hayters is run by Mr Tony Hazzard of Tomkins backet by Mr Pat Lithgow, former PH grounds."

ings, which relies on its "hit squads" to shake-up acquisitions, Tomkins' senior executives have been directly involved in the re-education.

In fact, a few days after his victory Mr Hutchings visited every PH company (by helicopter) to give key personnel the same presentation of Tomkins record and method that had delivered to the fund managers a few weeks before. He then sent outside accountants into every company to prepare detailed reports.

by Mr Pat Lithgow, former PH group accountant.

The limited personnel changes have been supplemented—according to Mr Hutchings—by three fundamental management reforms. First, the tighter financial controls and more stock and creditor control as much as £5m has been freed to earn interest.

Mike Schofield, managing director of Hattersley Newman Hender, reckons that following stock reduction and renegotia—



Mr Greg Hutchings, chief

margins were close to 10 per into every company to prepare detailed reports.

Mr. Rutchings says he was stock reduction and renegotiation with Tomkins' 33 per cent a year), capital investment of 556m over five years was beginning to produce results.

There was also some doubt whether the Tomkins techniques (borrowed from Hanson and RTR) of tight financial credit terms on incoming bills.

Hender, reckons that following stock reduction and renegotiation with creditors his return on capital has improved by 20 per cent. And at Pegler, Graham White says there has companies kept no return on of work in progress and a 5 per cent cut in costs since injuries.

Second Tomkins boasts of factors and renegotiation and renegotiation with creditors his return on capital has improved by 20 per cent. And at Pegler, Graham White says there has companies kept no return on factors in progress and a 5 per cent cut in costs since injuries.

and BTR) of tight financial credit terms on incoming bills Second, Tomkins boasts of far controls, clear performance—they just paid them, that's quicker decision making. Mr Second Tomkins boasts of fac

Hutchings cites the closure of J. J. Braimbridge, a scrap metal that Tomkins would have spent merchant, which PH had been over £5m on HNH's brand new merchant, which PH had been dithering about for years, or the four new salesmen Pegler was immediately granted to back the push into higher value added markets.

The process was immediately granted to back the push into higher value added markets.

The process was immediately granted to back the push into higher value added markets.

Third, management motivation and autonomy. PH used an remains committed to Pegler's output based incentive scheme "all under one roof" cell mannwhich was helping to increase stocks, not efficiency. Tomkins has linked it to return on capital and profit growth. It has also widehed the share option scheme.

Mr Bob Muddimer, an ex-BTR manager brought in to run division three, is particularly keen on managers with large share stakes, not just as an in-

The managers are exhorted The managers are exported anot just to meet monthly and annual targets but also to propose new ideas such as addon acquisitions and "to think where they want to be in three years' time." They are rarely bethered on operational mat-

where they want to be in three
years' time." They are rarely
bothered on operational matters.

Sceptics will say that many
of these changes—including
stock reductions and the HO
closure—are one-off savings that
any new management could
have spotted. Do they justify
the disruption and fism cost of
the bid! It's easy to look trim
after six months—will the
picture be the same after five
years? Above all will investment be kept up?
The fear that annual return
targets linked to management
pay creates a bias against longterm investment is one of the
main anxieties expressed about
the new congiomerates.

Mr Hutchings replies: "PH
invested f56m and didn't
markedly increase profit over
five years. We may spend more
or less but we will certainly
get a better return."

the group's acquisition-accounted interim results due next
ted interim results due interim results due next
ted interim results due it, will no doub look col.

Yet despite Mr Hutchings coled in the
city's ardour has cooled in the
city's ardour has c

Nevertheless, facturing system. And Mr Paul Horton, in charge of the FMS, praises Tomkins: "We now have more of an incentive to make it work and it is part of an overall strategy rather than an end in itself."

Pay-back time may tighter but Mr Hutchings insists that the extra capital expenditure will be made if the centive but because he believes case for it can be proved. And the greater the independent there is no neglect of long-term means of a manager the bolder strategy — Bob Muddimer has and more independent he will spent most of his time working spent most of his time working on three-year plans for products and markets in division three. So, the super-tanker has started to turn. Tomkins' bid costs were more than covered by PH's cash in the banks and the group's acquisition-accounted interim results due next week will no don't look good.

# **EULABANK**

Extract from Andited Consolidated Accounts for the twelfth year ended 30th September 1986

	1986 £	1985 £
Profit before Taxation	8,706,250	8,937,399
Profit after Taxation	5,009,973	4,927,067
Share Capital and Reserves	47,953,777	42,943,804
Subordinated Loans	24,221,453	25,000,000
Deposits	714,205,336	814,933,329
Cash at Banks, etc	134,263,719	170,629,058
Deposits Placed	75,667,873	92,695,469
Loans and Advances	573,434,783	608,142,109
Total Assets	795,157,708	894,765,579

Enlabank is an international merchant bank based in the City of London; its shareholders are leading European and Latin American banks. The bank specialises in arranging and participating in loans to major borrowers throughout Latin America.

Europe Algemene Bank Nederland NV; Banca Nazionale del Levono; Banco Central SA; Banque Brurelles Lambert SA; Banque Nationale de Peris SA; Banciays Bank PLC; Bayerische Bypotheken-und Wechsel-Bank AG; Deutsch-Stidamerikanische Bank AG; Dresdner Bank AG; Österreichische Länderbank AG; Union Bank of Switzerland.

Latin America Banca Serfin SNC; Banco de Colombia; Banco de la Nación; Banco de la Nación Argentina; Banco de la República Oriental del Uniguay; Banco del Estado; Banco del Estado de Chile; Banco del Pichincha CA. Banco do Brasil SA; Banco Industrial de Venezuela CA; Banco Mercantil de

The above extract is an absidged version of the group's full accounts which will be filed with the Register of Companies and on which the company's auditors gave an unqualified report.

Copies of the Amual Report and Accounts may be obtained from the

#### EULABANK

**Euro-Latinamerican Bank PLC** 

Gillett House, 53 Basinghall Street, London ECZV 5EN. Tel: 01-606 6141. Telex: 881929

# Starstream refinancing deal

BY RAYMOND SNODDY.

big five ITV network companies, stream.

The film animation companies are and bought a 22 per cent interest in Starstream, the company which runs The Children's Thomson will each have 22 per television channel, the cable and satellite cent stakes with Thorn holding the residue.

The film animation company profile film animation company which runs The Children's Thomson will each have 22 per television channel, the residue.

The film animation companies fair the film animation company profile film animation company profile film animation companies, and the companies fair the film animation companies fair the fair the fair the film animation companies fair the fair t

D. C. Thomson are also increas-

Central and Thames, two of the ing their investment in Star- day that it had acquired Film-

both £583,000 in equity finance able to cable networks in the and matching amounts in two UK and also in Finland and the Wombles.

The deal is part of a refinancing partly designed to pay for an ing package for the Channel in expansion anto Norway, Denimal day: "FilmFair's programme day: "FilmFair's programme

duces

which British Telecom, D. C. mark, Holland, Belgium and the output will ename us to pattern which British Telecom, D. C. mark, Holland, Belgium and the output will ename us to pattern pate more fully in the expanding international market for the pattern of the control of the material for children's animated programmes.'

### PRIESKA COPPER MINES (PROPRIETARY) LIMITED

Reg. No. 68/03032/07 (Incorporated in the Republic of South Africa)



Declaration of Interim Ordinary Dividend No. 7

The following interim dividend has been declared for the year ending 30 June 1987: Interim ordinary dividend No. 7 of 30 cents per ordinary share.

The dividend has been declared payable to members registered in the books of the Company at the close of business on Tuesday. 20 January 1987. The dividend is payable subject to conditions which can be inspected at the registered office of the Company. Warrants in payment of the dividend will be

23 January 1987. By order of the Board Anglovaal Limited

P.O. Box 62379 Marshalltown 2107

5 January 1987

118 Ass. Brit. Ind. Ordinar. 121 Ass. Brit. Ind. CULS ...

Annitage and Rhodes

Torday and Carlisle

Frederick Parker Group .........

Afternate Directors: W. W. Malan, D. A. Bleice, A. J. Brink, M. D. Henson. \*Releish, †American

SPONSORED SECURITIES

### Castrol expansion

By Clay Harris

Castrol, Burmah Oil's lubricants subsidiary, is to pay 55.3m for Spectra Automotive and Engineering Products, which makes serosol paints and waxes.

Castrol intends to run Spectra as a separate division but hopes for benefits from using its own distribution network. Spectra reported profits of £197,000 on sales of £3.08m in the six months to July 31. Tootal, the textile group which owns 63 per cent of

Spectra after its takeover of Sandhurst Marketing, has agreed to accept the 95p cash offer, which was automater after the market closed yester-day. Spectra shares added 7p which was announced to 80p after an announcement of talks about a possible bid.

### SHARE STAKES

Changes in company share stakes announced over the past

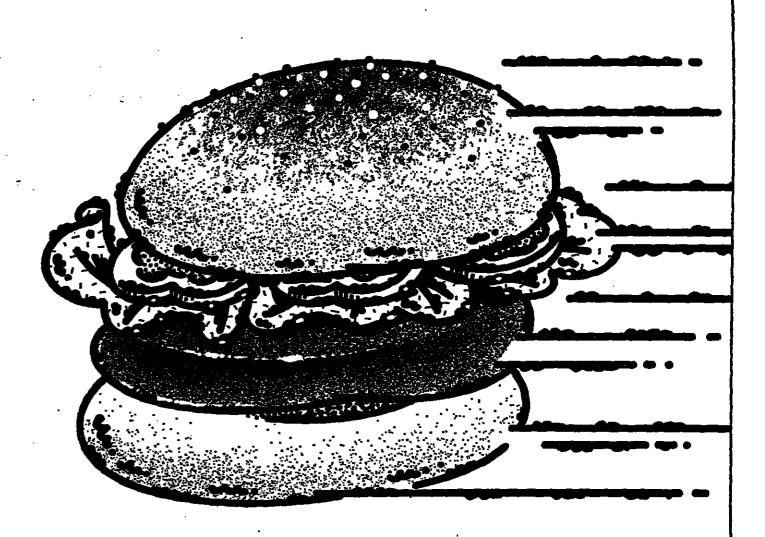
Allebone & Sons Channel hotels and properties has increased its holding to 480,000 ordinary (6.6 per cent). Yorkshire Television—Direc-tor Mr G. J. Hardy has pur-chased 12,500 ordinary, taking his beneficial and family his beneficial and interests to 38,300 ordinary

shares. GR Management — Director Mr G. B. Short and his family have disposed of 525,000 ordinary and now hold 240,000

shares (0.05 per cent). Transcontinental Group -- Director Mr S. Cohen has purchased 28,000 ordinary and is now beneficially inter-ested in 299,902 shares (0.84 per

Mr R. J. Bovington has placed 1,203,783 ordinary of which directors and employees.

> LG. INDEX FT for January



We make sure America gets its fast food fast.

You don't waste time when you're supplying names like McDouald's.

In the United States, Dalgety guarantee the client and consumer top service through the biggest single fast food distributor in the world.

And in Canada, Brazil and Mexico too. It's one more way we're into the food business on an international scale. In the UK, for instance, Dalgety brands

are household names. Golden Wonder with its famous crisps and pot noodles.

And Fred the Flour-Grader, famous for Homepride Cook-In Sauces as well as for Homepride flour these days. Among perfoods, winners like Winalot,

Prime, Bonio and Kattomeat. Not that strong brands are all we have

A name that goes from strength to strength.

All round the world, the name Dalgety is also famous for food in bulk.

We sell farmers animal feed and seeds, then sell the graincrop to millers, and millers' flour to bakers.

Brewers buy our malt for their beer. We're a major world force in

commodities like cocoa, coffee and sugar. In all these ways and more, Dalgery has become a powerful name in the world's food

business. And no one gets there by being slow off the mark.

ain and Compa Luxum ministra 125 *9*7 Abtection pain pure Bank Land Mein Consulta nand Co. Carrie mky later nate 190 W. S. Yestes

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West Yorks, Ind. Hosp. (USM) Granville Davies Coleman Limited 7 Lovat Lane, London EC3R 80T Telephone 01-621 1212 Member of the Stock Exchange

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289 +1 9.1 3.4 13.0 221d +1 10.7 11.6 -

- 8.1 4.9 -3 17.0 5.2

#### **Gold Mining Companies' Results** for the year ended 30 September 1986

	,			
Name of	Tons	Gold	Net	Dividends
Company	Milled	Produced	Profit	cents per
	000	kg	Rm_	share
Bracken	954	3,253	17.1	100
Kinross	2,155	13,323	88. I	380
Leslie	1,409	3,556	12.1	60
Unisel	1,376	9,547	68.4	190
Winkelhaak	2,376	13,594	109.2	495
Average G	old Price Received	R26,328 per kg	(1985 R20,42	27)

#### Points made in the Statements by the Chairmen Mr. C. R. Netscher and Mr. S. P. Ellis

BRACKEN (Company Number 59/01/126/06)

The future of the mine continues to depend on the exposure of new ore reserves by development. However, the area remaining to be developed is very limited. At best the mine can be expected to maintain its present milling rate albeit at a reduced grade, for the foreseeable future.

KINROSS (Company Number 63/06226/06)
On the morning of 16 September 1986 a serious fire occurred and tragically 177 persons lost their lives; thankfully, more than 2,400 were successfully evacuated.
The loss of life is the highest recorded in a single accident in the history of gold mining in South Africa. It caused deep shock and sorrow throughout the entire mining industry, which continually makes strenuous efforts to develop and maintain safe methods and standards in very diverse and difficult conditions.

Outlook Tonnage and grade is expected to be maintained at the same levels as those attained in 1985.

LESLIE (Campany Number 59/01 (24/06)

The future of the mine continues to be largely dependent on the exposure of ore reserves in the Western area, where the majority of the development is being carried out. To a large degree the results have been disappointing but development is continuing on a more selective basis.

UNISEL (Company Number 72/10604/06)
Tonage is expected to remain at the same levels as that achieved in the 1985 financial year. The yield can be expected to decline marginally with a larger proportion of the lower grade Leader Reef included in the mix. The ratio of the 3 reefs encountered on Unisel is constantly reviewed to ensure the balanced depletion of the reserves within the constraints of maintaining an acceptable yield.

WINKELHAAK (Company Number 55/03606/06)
The company is sinking a new twin-shaft system (No 6 Shaft) approximately 3.1 kilometres to the east of No 5 Shaft. The main shaft system is planned to be in production in 1992, but early stoping from the ventilation shaft should start by the end of 1988. This new shaft will replace declining reserves at the No 5 Shaft and, in addition, could increase the mine's production rate to 225,000 tons per month.

All the above companies are incorporated in the Republic of South Africa. London Secretaries: Gencor (UK) Limited, 30 Ely Place, London ECI N 6UA.

# \$100,000,000

Syndicated standby letter of credit backing commercial paper issuance to



# **Newscorp Finance Limited**

(Incorporated with limited liability in the Cayman Islands)

### Arranged by: Mellon Bank

# Participants: Mellon Bank

Australia and New Zealand Banking Group Limited Barclays Bank PLC RepublicBank Dallas

State Bank of New South Wales J. Henry Schroder Bank and Trust Company

Commercial Paper Dealer: Goldman Sachs Money Markets Inc.

The undersigned acted as agent in this transaction.



# **Mellon Bank**

We are pleased to announce that the following have become Associate Directors:

Amsterdam

**Tom Paulus** 

London

Mark S.S. Swan

Bear, Stearns & Co. Inc.

New York/Adants/Boston/Chicago/Dallas/Los Angeles/San Francisco Amsterdam/Geneva/Hong Kong/London/Paris

# **APPOINTMENTS**

# Hambro forms new company

Subsequent to the formation of J. O. HAMBRO & CO and the acquistion and setting up of its operating subsidiaries the group has now made the fol-lowing appointments, J. O. Hannero & Co. Hr Jocelyn Hamhro, group chairman; Mr Rupert Hambro, group managing direc-tor; Mr Richard Hambro and Mr James Hambro, executive directors; and Mr David Harland

directors; and Mr David Harland is group finance director J. O. Hambro Business Development & Communications Group: Mr Rupert Hambro, chairman; with Mr Harland and Mr David McDonough appointed joint managing directors. J. O. Hambro & Partners (Comporate finance and business development); Mr Banart Hambro, chairman Mr and maness development); Mr Rupert Hambro, chairman; Mr Harland managing director; Mr James Hambro. Mr Rebert Hellyer and Mr Anthony Nissen, executive directors. McDonough executive directors. McDonough
Associates (corporate communications): Mr David McDonough,
chairman and manasing director;
Mr Christopher Tate, executive
director; and Miss Susan Morris,
Miss Katherine Rissit and Miss
Sus Winter, associate directors.
J. O. Hambeo Investment Management (members of FIMBRA):
Mr Richard Hambro, chairman;
Mr David Chaplin, managang
director; and Lord Balnell,
executive director.

Mr D. G. Barber has been appointed a director of GIRO-BANK, responsible for banking and regions.

executive director.

Sir Jean Bremridge, recently financial secretary to the Crown Colony of Hong Kong, has been appointed a director of F. AND TRUST.

Mr K. L. Buller, Mr R. P. Pease and Miss J. M. L. Taylor have been appointed directors of the main board of JARDINE THOMPSON GRAHAM.

Mr T. B. Collins has resigned pictor, and Mr Brian
Picton Davis has been appointed
a director of A. G. STANLEY
HOLDINGS.

Mr David Hazlewood has been appointed chief executive of CUTHBERT HEATH UNDERWRITING.

Mr Michael B. Brooks has retired from the board of MINET HOLDINGS, and Mr Robert W. Hatton has been appointed a director.

Van Lennep and Mr B. J. P. Weppe have been appointed directors of C. CZARNIKOW from January 1.

Mr Eugene R. Culler, Jr, a former managing director of Goodysar Great Britain, has been elected vice president for original equipment tyre sales world-wide for tTHE GOODYEAR TIRE & RUBBER COMPANY. He replaces Mr Douglas F. Bill, who is taking early retirement.

Mr Stephen Waley-Cahen has been appointed a non-executive director of PUBLISHING HOLD-INGS. He is chief executive of Maybox Group (which owns and manages six West End theatres).

### Union Discount rearrangement

The UNION DISCOUNT COMPANY OF LONDON has rearranged companies in the group.
The discount house business will
be undertaken by a new whollyowned subsidiary, Union Discount Company, of which the
directors are: Mr G. R. Glichrist
chairman, Mr B. F. A. Balfour,
Mr D. J. Lyons, Mr R. M. Munre,
Mr S. A. Whitney-Long, Mr A.
J. Anderson, Mr D. W. Baskerville, Mr R. R. Bowley, Mr C. H.
L. Prichard and Mr J. R. Thursfield. The Union Discount
Company of London has become
a holding company with an
unchanged board.

NOTICE OF EARLY REDEMPTION

**OSTGOTABANKEN** 

Jenuary 6th, 1967

# at Barings

BARING BROTHERS & CO has appointed the following directors: Mr P. E. Bugge, Mr J. M. de Bunsen, Mr N. R. Gold, Dr F. Haverkamp, Mr M. J. Pack-The second of the subsidiary company Baring International Fund Management Management Management Management has a directors, and Mr E. M. Allaason. Mr R. J. Dent has retired as a director. Baring Brothers & Co. He will remain on the board of Barings as a non-executive director. Baring International Investment Management Management has appointed the following to the board of Barings as a non-executive director. Baring International Investment Management has appointed the following to the board of its subsidiary company Baring International Fund Management of China and Eastern Investment Co. Mr Fujio Internet Mr David R. Sociated Book over as chief executive of DUNFERMLINE BUILDING SOCIETY on Jamuny 1, has succeeds Mr Walter Hutchison, who has retired.

At ASSOCIATED BOOK PURLISHERS Mr D. W. Alcock is retiring as deputy group chairman, and Mr Michael Turnst takes over in addition to being chief executive. Mr David R. Sileman and Mr A. Turnst lakes over in addition to being chief executive. Mr David Evans is appointed deputy group managing director. Three takes over in addition to being chief executive. Mr David Evans is appointed deputy group managing director. Three takes over in addition to being chief executive. Mr David Evans is appointed deputy group managing director. Three takes over in addition to being chief executive. Mr Barbard Chenevis-Trench, based in Hong Kong, specialises in the Pacific stock markets with particular responsibility for offshore fund marketing.

Mr R Stileman and Mr A. Turnbull is president of The Carswell Company, and marketing. man, Mr J. R. Peers, Mr J. H. T.

THOMPSON GRAHAM.

THOMPSON GRAHAM.

DAVID S. SMITH (HOLDINGS) has appointed Br Nigel

Thompson Graham.

DAVID S. SMITH (HOLDINGS) has appointed Br Nigel

CEUTICALS has appointed Br David Goes to a newly-created of Abbey Corrugated, a whollyowned subsidiary, and a director of sales director. He was been appointed a director of the parent company Rea Brothers

Group.

The Midland Development Group, has been appointed a director of David S. Smith (Holdings).

The Richard Carter becomes Group.

\* Brian Smith and Mr Neil Greig are appointed joint chairmen and joint chairmen additionally been appointed to the Campbell's European advisory board.

BISS, LANCASTER has elected chairman of the BRIappointed Ms Carol Gourlay,
Ms Isabel Greenwood and Ms SUMERS COUNCIL Mr Astley
Christine Hastings to the board.

\*\*
BACON & WOODROW, consulting actuaries, has appointed
Mr B. H. Davies, Mr I. Edwards,
Mr N. D. Fixpatrick, Mr A. Hale
and Mr P. S. Shier as partners.

\*\*
Mr Len Harvey has been

\*\*
Mr Len Harvey has been

\*\*
Mr Len Harvey has been

Mr Len Harvey has been appointed chairman and managing director of CAPITAL MARKET & TREASURY SERVICES (ASIA). This newly-formed company will be based

Mr. Nigel Denison and Mr. David English have been appointed assistant directors of BARCLAYS DE ZOETE WEDD.

Board changes

in Hong Kong and is a wholly-owned subsidiary of UK money brokers, Mayflower Group. The officer member of the board is Mayflower director Mr. Milekael H. R. Young who is also managing director of Capital Market & Treasury Services.

The committee of the LLOYD'S UNDERWRITING ASSOCIA-TION for 1987 has elected Mr J. M. G. Heynes as chairman and Mr C. R. Huster and Mr C. A. G. Keeling as deputy chairmen.

LAWSON MARDON has made

Mr David R. R. Smits, who took over as chief executive of DUNFERMLINE BUILDING SOCIETY on January 1, has been co-opted to the board. He succeeds Mr Walter Hutchison, who has retired.

DAVID ANTHONY PHARMA

IN SHOPS, a division of the Midland Development Group, has appointed Mr John Heesh as managing director. Company founders, Mr Alan Fitzpatrick and Mr David Newman, joint managing directors, become joint chairmen. Mr Hoesh was with the Owen Owen Group on the main board.

Four new partners have been promoted from within the practice by the Leeds regional head-quarters of PEAT MARWICK. They are management consultant Mr Richard Coulbeck, corporate recovery adviser Mr Martin Shaw, taxation specialist Mr John Widdowfield, and management services consultant Mr Peter Robinson.

Mr Nigel Labram has been appointed deputy managing director of V. BERG & SONS.



# Five Arrows Fund N.V.

Established in Curacao (Netherlands Antilles) Notice of Annual General Meeting of Shareholders to be held on February 5, 1987

Notice is hereby given that the Annual General Meeting of Shareholders of Five Arrows Fund N.V. ("the Company") shareholders of Five Arrows Fund N.V. ("the Company") will be held on February 5, 1987 at 4.00 o'clock p.m. (local time) at the offices of the Company, 6 John B. Gorstraweg, Curacao (N.A.) for the following purposes:

1. To approve the Company's annual accounts for the financial year ended December 31, 1985.

2. To elect a Managing Director for the ensuing year.

3. To elect an Advisory Board for the ensuing year.

4. To ratify, confirm and approve the acts of the Managing Director and the Advisory Board.

5. Proposal to appoint Independent Auditors of the Company for the ensuing year.

6. Proposal to amend the Articles of Incorporation.

7. To authorise someone to pass and sign the Deed of Amendment.

7. To authorise someone to pass and sign the Deed of Amendment.

8. To transact any other business as may properly come before the meeting.

The official agenda of the meeting together with the annual accounts for the Company's financial year ended December accounts for the Company's financial year ended December 31, 1985 as well as a copy of the draft amendment may be inspected by all Shareholders at the offices of its agent banks, viz. N. M. Rothschild and Sons Limited, London—banks, viz. N. M. Rothschild and Sons Limited, London—Banque Bruxelles Lambert S.A., Brussels—Banque Privée S.A., Geneva—Rothschild Bank A.G., Zurich—Rothschild Australia Ltd., Sydney.

Holders of registered shares shall be entitled to vote at the meeting in person or by prozy. Holders of Bearer Shares shall be entitled to vote at the meeting on presentation of their share certificates or of a voucher given by any of the Company's agent banks stating that certificates in respect of the number of shares specified in the voucher have been of the number of shares specified in the voucher have been deposited with such agent bank and will remain in deposit until the end of the meeting.

The Managing Director Intimis Management Company N.V.



A/S NEVI

DKK 600,000,000 Floating Rate Notes due 1993 Tranche A of DKK 300,000,000

In accordance with the provisions of the Notes, notice is hereby given that, for the three months period, 6th January, 1987 to 6th April, 1987, the Notes will bear interest at the rate of 10%s per cent. per annum. Coupon No. 2 will therefore be payable on 6th April, 1987 at DKK2,734.37 per coupon for Notes of DKK 100,000 nominal.



. This announcement appears as a matter of record only.

# Time Inc.

U.S.\$250,000,000 **Multi-Option Facility** 

Arranged by

Swiss Bank Corporation International Limited

Lead Managers

**Deutsche Bank AG Swiss Bank Corporation** 

**Orion Royal Bank Limited Union Bank of Switzerland** 

Managers

Bank of Tokyo Trust Co. **Barclays Bank PLC** Crédit Lyonnais The Mitsubishi Bank, Limited

Société Générale

Banque Nationale de Paris Canadian Imperial Bank of Commerce

**Credit Suisse National Westminster Bank PLC** The Sumitomo Bank, Limited

**Toronto Dominion Bank** 

Tender Panel

Affiliates of the above Lead Managers and Managers and the following additional Members.

Nomura International Limited

PaineWebber International S. G. Warburg & Co. Ltd.

Facility and Swingline Agent

**Swiss Bank Corporation** 

Tender Panel, Issuing and Paying Agent **Orion Royal Bank Limited** 



Swiss Bank Corporation International Limited

anuary 6 1867 Financial Times Tuesday January 6 1987 100127797499 erlands Antillas is of Marcholen 5, 1987 Barrington Myunt Co Ltd (z) 176.48 177.0 185.4 185.4 185.4 146.1 185.1 185.1 185.1 185.1 185.1 185.1 185.1 So have a support of the state e. e. Átékál ezsékközététététi ) elsét Betesssaggasssaggagati bayanning 0429 200 +14 11 -04 04 +16 04 +16 11 +63 11 +63 11 +63 11  $W^{\omega}_{1} = \{ e^{i\omega_{1}}_{i}, e^{i\omega_{1}} \} = \{ e^{i\omega_{1}}_{i}, e^{i\omega_{1}}_{i} \}$ Me this at the part of the par ment Ltd Model to of the con-डी हेक्टी इसे देश हुन e entitled to the control of the con 140 990 -130 -130 -131 -02-405-840 +0.2 2.25 +0.3 2.25 +0.3 3.74 +0.3 2.80 +0.5 2.80 +0.5 1.25 +0.6 1.25 d wit, retining to G Scottish Provident tov. Higt. List 6 St Andrew Sq. Estaturgh 2 Eastly Acc. 1776.6 188.4 Section Acc. 1776.7 189.7 GR 4 Feet Int Acc. 1775.5 173.0 Bee-List Son Acc. 1875.4 ement Company) 0971 57688 +346 0.74 +326 0.74 +326 1.39 +326 0.45 +327 0.45 -327 0.45 27 54 54 57 223348 403 225 403 देहैं। हैर्दिहेर्द्ध **EVI** est Co Ltd (a) (c) EC2P 2/T (01-58) 2848 54.7 +0.4 1.00 54.7 +0.4 1.00 25.04 2.49 30.3 2.49 \$644444 | | | | | AA Friendly Society (Investment Most M & C PO Nov 95 Carolii CF1 44 AA Friendly Sy Dec 12 Standard Life Trust Mgmrt. Ltd 3 George St, Edinburgh ENZ 202 to St. Standard ENZ 202 to St. Standard St. Acc. 20, 3 10 K Eggs Tool 10 Acc. 20, 3 10 Ac A. 14 tem sopre 71.5 107.4 107.4 107.2 121.2 220.4 26.5 12.5 12.5 12.5 12.5 12.5 150.5 116.2-338.5 207.0 01-833 2303 HEM that Mass 425.2 63.0 98.1 504 1867 1764 213.9 194.5 194.5 196.15 57.8 196.15 196.15 363.7 252.0  $\equiv$ 19544 145414 19544 145414 +15 120 +15 120 +15 120 +16 127 +16 127 +16 127 +16 127 +16 127 +16 127 +16 127 +16 127 +17 12 23 23 +01 166 242 +03 242 +03 142 +03 142 +03 142 +14 157 +14 157 +14 157 +15 142 +1 11.04 10.21 penest List ш P21 704, 304,2 54,4 82,1 57,9 60,9 82,6 83,3 78,4 - 645 - 655 - 115 - 125 FT CROSSWORD PUZZLE NO. 6,219 DANTE generat Co List Landon, SE1 900 1994 276.2 1994 276.2 1994 1984 1994 1984 1994 1984 ally & Law Un. Tr. M. (a) (c) 800 65,94 75,4 75,4 75,4 Swiss Life Pen. Tst. Man. Co Life (a)(c)
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4 Propose that the main difference should be in money (8)

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15 Arms displayed in a hostile 18 報告 way? (6)
16 Possibly spy on fashionable medium (7)
20 Held up flow or flower (7)
21 Start games of tennis in the rton Green (2) 192 Bidge, EC2M 500 19 Fish of a stringy variety (5-3)
22 Is to touch down at a spot in the ocean (6) +01 070 +02 094 +03 097 +01 279 +01 029 +01 045 +02 229 no Bank, Lim<sup>®</sup> 154.2 51.7m 68.4 15.7m 69.5 40.8 44.8 44.8 Soft cry of pain produces purse, but not of the lips (5) Wrongly equated with a mile? open air (5)
24 Not against change though it's the wrong condition for it (10) 69-22-49 49-12-49 49-23-39 49-04 472 973 973 973 973 01-245 12-0 +0.0 0.55 +0.1 1.80 +0.1 0.1 +0.1 0.30 +0.4 0.12 +0.7 0.70 +0.1 2.71 +0.7 2.71 +0.7 2.71 +0.7 2.71 +0.7 2.71 +0.7 2.71 +0.7 2.71 <u>ڒ</u>ڂڴ؋؋*ڲڲۿ*ڒڮڂ*ڎڴڎ؋ڰڰڮڿڲڿڲ*ڂڂڂڂڰڂڐۿٷ 27 It's bent on submission (4) **19** يو۔ 26 Family loaf started off in 1045 663 663 663 671 182 183 173 173 184 255556 bis 655555 oven (4)
28 Can I provide a friendly solution? (7)
29 Humble subject (7)
30 Do without and give to others ert Fraser Trust Mgt. Ltd (8)
31 Shout about jellied eel in the salad, perhaps (6) 127.3 DOWN

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2 Salt-water spray (9)
3 They may be found in a creel, squirming (4)
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HEATING OIL 42,000 US ga cents/US gallons

ORANGE JUICE 15,000 to, conts/tb

PLATINUM 50 troy oz \$/troy oz

Close High Low 122.90 124.00 122.01 125.50 126.20 123.25 126.40 127.25 124.00 127.20 128.70 128.70 127.95 128.00 124.00 129.30

Close High Low 478.0 479.0 489.0 494.1 485.4 472.0 487.6 487.5 476.0 496.1

High Low 542,0 535.0

SILVER 5,000 troy oz, cents/troy oz

SUGAR WORLD "11"

CHICAGO

LIVE CATTLE 40,600 by, cents/th

Close 48.05 44.17 46.40 48.35 43.76 40.75 38.87

PORK BELLIES 38,000 Bb, cents/fb

SOYABEAN MEAL 100 tons, S/ton

MAIZE 5,000 bu min, cents/56-lb bushel

Feb April June July August Oct April

Peb Merch Mey July August

# ITC's biggest creditors hold on to tin stocks

ing creditors which had relatively small loans and small amounts of metal on collateral have sold part or all of their stock in the last few months. But the biggest four creditors with the largest stocks have sold little or nothing.

Shearson Lehman Brothers (a subsidiary of American Express), Bank Bumiputra, Malayan Banking and Bank of Tokyo were between them owed about £200m when the tin council ran out of money administering an inter-government price support pact in

Metal traders estimated that the combined tin stocks of these companies total between 40,000 and 50,000 tonnes, with Shearson alone holding about 20,000 tonnes.

Their main reason for not selling is that the holdings are too large to dispose of quickly without forcing prices down. They have also been under pressure to steady the market from the Association of Tin Producing Countries, a group of seven nations including Malay-sia, Indonesia and Thailand. The two Malaysian creditor

It seems that sales by smaller creditors have been largely prompted by the recovery in prices for a low of just over £3,435 a tonne in spring to about £4,500 a tonne now. Several banks with loans of £1500 tonnes or so appear to have decided to cut their losses. They clearly felt their losses. Current stocks still tooks and the time and their losses. They clearly felt their losses. Current stocks still that their losses. They clearly felt their losses. They clearly felt their losses. Current stocks still that their losses. They clearly felt their losses. Current stocks still that their losses. They clearly felt their losses. They clearly felt their losses. Current stocks still that their losses. They clearly felt their losses. They clearly felt their losses. Current stocks still that the bank. The tin council has argued that as inter-government body established by treaty, it is immune from legal action. Three creditor banks, Australia and New Zealand Banking Group (ANZ), Kleinwort Benson, the metrocham in spring to council has argued that as inter-government body established by treaty, it is immune from legal action. Three creditor banks, Australia and New Zealand Banking Group (ANZ), Kleinwort Benson, the metrocham in spring to chant bank. The tin council has argued that as inter-government body established by treaty, it is immune from legal action. Three creditor banks, Australia and New Zealand Banking Group (ANZ), Kleinwort Benson, the metrocham is argued that as inter-government body established by treaty, it is immune from legal action. The stock is expected to condition to constitute the condition of the condit their losses. They clearly felt was in the market. Neverthe- European Commission to reit was not worth the time and less, current stocks still cover about £15m lent to the effort of waiting for prices to represent about six months non-council.

BANKS WHICH were left reach the overage break-even communist world consumption. holding tin after the Interpoint of about £8,200 a tonne. Metals and Minerals national Tin Council defaulted The banks decline to compoint of about £6,200 a tonne.

The banks decline to communist world consumption.

Metals and Minerals Research Services, a UK comments on their tin stocks and disposals. But traders say creditors which have sold all their tin include Arbuthness are communist world consumption.

Metals and Minerals Research Services, a UK communist world consumption.

Metals and Minerals are disposals. But traders say creditors which have sold all their tin include Arbuthness are communist world consumption.



and Trustee Savings Bank. The buyers have largely been metal traders who have been purchas-

western world stocks—held by banks, brokers and mines—fell argued that as inter-government body established by treaty, it is immune from legal action.

The stock is expected to continue falling with most producers forced to cut output by son and Arbithoot Lasham that deal in worlden from the design and the deal in worlden from the deal in t

output at about 180,000 tonnes, down from 159,000 last year. Consumption has risen slightly in the West to 155,000 tonnes (150,000 tonnes in 1985) but Eastern bloc countries have taken advantage of lower prices by turning from net expuriers into net importers during 1996, says MMRS.

MMRS argues that the mar-MMRS argues that the marginal operating cost of producing the West's tin — in other
words the break-even point of
mines which must stay in
production to satisfy consumption — is about £6,250 to £6,750
a tonne. However, other
analysts believe this projection
may be over-optimistic from the
producers' point of view. They producers' point of view. They believe that the potential for cost-cutting by producers, res-ponding to continuing low prices, has been under-

traders who have been purchasting either for onward sale to consumers or for speculative investment on their own accounts. Brokers say Shearson, J. H. Rayner (Mincing Lane), a subsidiary of S & W Berisford and Anglo Chemical, part of Phibro-Salomon, the US financial group, have been among the active buyers.

The ATPC estimates that Western world stocks—held by banks, brokers and mines—fell from 106,000-116,000 tonnes in October 1985 to 70,000 to 79,000 immune from legal action.

The rate for Kirkuk crude pumped through the pipeline to Ceyhan on Turkey's south-eastern Mediterranean coast eastern mediterranean coast has been set at \$17.60 per barrel while Basrah Light lifted at the Yanbu terminal on the Red Sea has been priced at

prices were more or less in line with the price structure established by the other 12

are protesting against the imposition of the new rates, in January rather than from February 1, the date for implementation agreed by Opec

### LONDON METAL EXCHANGE WAREHOUSE STOCKS

	11100//	[ 17.34 ( <del></del> )
uminium opper ad ickel n	(tonnes)	GOLD Gold fet London bu metal ope \$4013-40274, \$35374, on ing in Ne
Ver .	+100,000 to 23,188,000	that gold to

# KLTM fails to attract foreign sellers

BY WONG SULONG IN KUALA LUMPUR

THE KUALA LUMPUR Tin low he said. He was confident highest since March of last Market opened its trading to that they would make their year. Market opened its trading to that they would make their year.

Indonesian and Thai tin for the appearance on the KLTM soon. Tradest time yesterday. But to the Mr Amin also clarified that remains the state of the s first time yesterday. But to the embarrassment of KLTM offi-cials, no metal from the two members of the KLTM to sell countries was offered.

Traders say Indonesian and Thai miners are cautious about using the KLTM and it appears they are quite happy simply to use the KLTM price as a reference for their sales else-

their tin. As long as they have their tin in the approved ware-

houses, they can trade through existing KLTM members.

Under the amended KLTM rules, the Mentok and Banka brands from Indonesia, and the

Traders expect the price to remain firm because of the strength of sterling against the

Meanwhile, the Kuala Lumpur Commodities Exchange has submitted specifications of its tin futures contract to the Ministry of Primary Industries for approval. The exchange hopes to start tin futures tradreference for their sales elsewhere.

Mr Amin Zahari Nordin, secretary of the KLTM, expressed "slight disappointment" over the non-appearance of foreign tin, and said it could be due to the possibility that Indonesian and Thai tin had not yet been moved to the approved warehouses.

Foreign miners might also have felt the price was too

# Israeli diamond earnings up 31%

BY HIDITH MALTZ IN TEL AVIV

up on the previous year's last year. \$1.26bn, and in excess of the According to Mr Moshe industry's most optimistic ear. Schnitzer, President of the Israel

earnings from sales to the Far East, now imports 60 per East, which, as a result of the cent of its cut diamond needs strengthening of the yen, went up by an impressive 50 per cent. Japan alone absorbs over \$300m Israel's largest market for cut world's diamonds are now worth of Israeli cut diamonds, its share in total total.

Letter to other content to the total total.

According to the Israel Diamond Exchange president, over 70 per cent of all of the world's diamonds are now manufactured in Israel.

lier forecasts, according to the Diamond Exchange, Hong Kong, Israel Diamond Institute. which serves as a distribution Most of the increase came in centre for other countries in the

ISRAELI EXPORTS of cut dis-monds rose to a record \$1.66bn accounted for nearly two-fifths (£1.1bn) in 1986, 31 per cent of total Israeli diamond exports the delication of the weakening of the dollar.

> Currency factors also took their toll on the European market, which accounted for only a scanty 10 per cent of the total.

# **Brent** oil price near 12-month high

NORTH SEA oil prices yester-day rose to their highest levels for nearly a year, with cargoes of Brent at one point trading at \$18.25 for February delivery, about 15 cents higher than Friday's close, before slipping back later in the day.

The market believes that

Opec will succeed in fixing oil prices at around \$18 a barrel from February 1, and took further encouragement from yes-terday's news that Iraq had adopted fixed prices from January 1, and that other Opec members were taking a hard line with customers over the shift to fixed prices.

Brent prices by yesterday were almost trading at parity with Opec's new price struc-ture. Traders said that parity would involve a price for North

cost-cutting by producers, responding to continuing low prices, has been underestimated.

Meanwhile, the ITC's bankers, as well as creditor metal brokers, are continuing to pursue their claims against the council by court action. Judgment is expected in mid-January in a hearing in which the ITC is asking the High Court to throw out a winding-up petition put forward by Amalgamated Metal Trading a London Metal. discount to Brent, compared with a normal premium of about 70 cents. Some traders yesterday attributed this to a sharp drawdown of stocks in

sharp drawdown or succes in
the US.

Iraq's pricing decision was
seen yesterday by the industry
and traders as a fulfilment of
the pledge made by Mr
Qassim Taqi, the Minister of
Oil, of Baghdad's willingness
to co-operate in the stabilisation of prices despite its

tion of prices despite its refusal to accept any output quota unless it was given parity with Iran.

\$17.30 per barrel.

Market analysts said that the

members of Opec though slightly on the competitive side. The new rates are applicable from January 1 for customers with contracts containing clauses laying down fixed prices in the event of Opec

because of the need to phase out "net-back" deals (under which crude prices are related to actual market realisations for products).

	\ \	Friday)
	Aluminium Copper Lead Nickel Tin Zinc	(tonnes) -1,000 to 110,17 +350 to 175,15 -175 to 37,57 -18 to 7,37 -250 to 39,03 -1,250 to 17,30 (ounces)
į	Silver	+100,000 to 23,188,00

# An unhappy year in prospect tion effectively stopped. The true gravity of the position is

IN SPITE of the claims of a breakthrough in EEC agricul-tural affairs as a result of last month's Ministerial meetings, month's Ministerial meetings, very little of any positive moment was achieved. It is true that there is a plan to cut the milk quota by a further 9} per cent, but only over the next two years. The butter and skimmed milk mountains will at the same time he reduced. at the same time be reduced by the simple expedient of stopping all intervention buying at certain periods.

No one has satisfactorily

explained what this will mean in practice. But it is not diffcult to see that the stopping of intervention buying could have drastic effects. The excess supplies would have to go somewhere—either into store or for sale for what they would fetch on the world market. The national authorities, Milk Mar-keting Board and others would have somehow or other to finance these operations. One cannot for instance see any French Government allowing its dairy industry to be destabi-lised to the extent that would



gether for a few more years within the tenuous grasp of the CAP. Or it could lead the way to more nationally funded policies which could well lead already.

Nor is this only going to con-

cannot for instance see any French Government allowing its dairy industry to be destablised to the extent that would well come about as a result of such a move.

It is going to be difficult to the content of the cont There does not appear to be life any end in sight to this unerough to try and effect a quota reduction among individual farmers. Such a move is possible in Britain where farmers are well disciplined by the Marketing Boards, but in France, where there is a multiplicity of buyers, there would be no hope of controlling sales of fertilisers. growth probe no hope of controlling sales of fertilisers, growth pro-in any direction. moters and other short cuts to

to run out of cash, bringing an happened before, of course, and an order to cease intervention has been countered in different an order to cease intervention has been countered in durrerent buying. National policies may take over, posing a major threat to the Common Agricultural Policy.

This will either force more money out of the budget, and so hold the Community to-system. But at that time most of Europe's continental coun-tries protected their farmers. It is well worth looking at the North American scene for a moment. The US is an enor-

mous country, several times the area of Europe, and has vastly different climatics environ-ments. Once the country was fully settled the agricultural systems moved to where they flourished best. This left the earlier settled areas, mainly down the eastern coast, to drop their original farming systems. Some diverted to other pro-ducts; some simply went derelict.

only just beginning to be admitted by farmers leaders and politicians, Mr Simon Gour-lay, President of the National Farmers' Union has his eyes wide open to the fact that farmwide open to the fact that farming has got to be wound down.
But whose farming? And what is to replace it? Who is going to decide which farmers are to have to change their way of life for ever and which will remain?

So far the suggestions for socion are practive factorization. action are pretty insubstantial. There is talk of de-intensifica-tion, of a deliberate reduction in yields. Small areas are to be subsidised and left without the benefits of modern aids to farming. There will be a set-aside programme, keeping land in fallow rather than cropping it. But do the proponents of this policy realise that a follow this policy realise that a fallow is an excellent preliminary to the following grain crop? In any case advocates of set-aside cannot even agree among them-selves as to how it should be applied.
Then of course there are

trees, building sites, golf courses, leisure parks and the like. All very promising and no doubt some will succeed. But none of them will, it seems to derelict.

It was not until President
Roosevelt brought in systems of
farm support in the 1930s that
the USA really became protectionist in farming terms.

I believe the situation now is
inst as serious as it was in the an any direction.

It is not difficult to understand other short cuts to just as serious as it was in the recent years. 1987 could well is not difficult to understand the motives of some of reduce the demand for land and those who agreed to these for farmers world wide.

This sort of adjusment has be got rid of, or their production now is nave tent them so much in recent years. 1987 could well issue.

The budget is likely the difference that the surpluses are just about ing epoch in British farming—everywhere. They will have to and that of the rest of the world as well.

# LONDON

# **MARKETS**

THE GOLD price was hit by

profit-taking yesterday following Friday's sharp rise. As traders took the view that there was litle behind New York's New Year's Eve rally, which had sparked London's \$12.25 advance, the price fell \$4 to \$399.25 a trey ounce. Dealers described the market as "lackinstre" following the morning dip and added that sentiment remained mildly bullish, partly on the strength of higer oil prices. On the London Metal Exchange the strongest feature was pro-vided by the copper market. Having eased a little early on, under pressure from sterling's under pressure from sterling's strength against the dollar, Grade A copper was boosted in the afternoon by a firm New York opening and a downturn in sterling. With the New York rise being fuelled by stop-loss covering the LME cash price closed £7 up from Friday's close at £916.25 a tonne. Most other LME metals ended lower, notaly lead, which lost £10 in the cash position at £336 a tonne.

a tonne.

I.ME prices supplied by

Amalgamated Metal Trading.

ALUMINIUM					
	Unofficia close (p.m & per 1	+ or	High/Low		
Cash a months	768-9 783,5-4	-9.35 -2	769/767 769/751		
786-7.	closing ( e months '.5 (—). er: 25,950 t		th 767-7.5 -), settle- arb close;		

Official cl (—), three intent 767.5 786-7. Turnover:	Coope F Coffee i Cotton / Gas Oil Rubber Sugar (n			
Grade A	Close Close	+~	High/Lo	Wooltop Unq
Cash 5 months	916-6.5 939,5-40	+7 +7,5	907/906. 942.5/93	z Dec-P
Official cla (—), three is ment 907 ( 942-2.5.	nonths 930	J.5-1 (	—), settk	COF
Standard Cash 3 months	690-5 916-8	+3 +8,5	Ξ	With  last We £30 high tions re By_mic
Official cl	months	906-8	(882-2.5)	from N

rettiement 882-25 (). US Producer prices 63-68.5 cents per lb. Total turnever: 20,700 tounes.				
LEAD	<u> </u>	_ •	·	
	Unofficia close (p. £ per	+ or m) -	High/Low	
Cash 5 months	335-? 306-6,5	-10  -2,25	340/331 313/306	
(—), three ment 340 310-10.5. Turnove	e months 0 (—).	307.5-8 ( Final K tonnes.	esh 337-40 —), settle- erb close; US Spot:	

NICK	'! Unofficial + or close (p.m.) - £ per tonne	High/Low	tra ck
Cash 3 months	2400-5 1+30	2405/2400 2480/2445	of int
ment 2,3 2,450-80.	closing (am): Cares months 2,445-6 ( 90 (). Final (	sh 2,385.90 ), settle- terb closes	tin Du
Turnovi	ır: 1,704 tonnes.		_

ZIRU			
High grade	Unoffic close (t £ p	er tonne an + or	High/Lov
Cash 3 months	553-4 553-6	-7.5 -6.25	557/557 539/535
(), three ment 557	month (—). Fin : 11,625	s 538-9 (- el Kerb cl tonnes.	cae: 636-7. US Prime

KLIALA LUMPUR TIN MARKET-Close

Gold fell \$4 to \$399-3892 on the London builion market yesterday. The metal operad at the day's high of \$4015-4025 and fell to a low of \$3975-\$3234, on light profit-taking, and selling in New York on disappointment that gold felled to advance. A partial recovery by the dollar also pushed the metal lower, it was fixed at £393 in the storning and \$386.95 in the sitemoon.

# Close ...... \$399-399\text{\ti}\text{\texitex{\text{\text{\texi}\text{\text{\text{\text{\text{\text{\text{\text{\t

### SILVER .

Silver was fixed 4.6p an ounce higher for spot delivery in the London builtion market yesterday to finish at 383.55p. US cent equivalents of the fixing levels were: spot 538.6c, up 0.56c; three-month 544.65c, up 0.56c; six-month 52.8c, up 0.7cc; and 12-month 588.55c, up 0.35c. The metal opened at 364,365-up (536-538c).

SILVER Buillon + or LM.E. + or p.m. unoffic I\_ME—Turnover; 16 (---) lots of 10,000 cz. Final kerb 373-5p.

# SOYABEAN MEAL

Good commercial selling absorbed by speculative and feesional buying based on a we sterling in an otherwise festure market, reports Mulrpace.

F60			
April	125.0-125.5	14-0.25	125,5
June	129.5-121.6	1 - 1	121.0
August	119.6-120.0	1 <b>–</b> 1	180.0
October	120.6-122.5	1+0.55	_
Dec	121.5-154.B		_
Feb	199 5-198 4	ᄴ	_
- Offering and and			_
Sales: 22	R (2) Inte	~ 30 m	RASS

#### INDICES ANTICIPATION that, as a REUTERS

result of the Opec agreement world oil prices could rise to between \$18.50 and \$19.00 per barrel, led to a firm opening in crude oil futures, reports

| December Copre (Phil) 4980 3955 Soyabean (U.S.) \$142 5150

Jan, 2 Dec. 31 M'th ago Year ago

1656.5 1637.4 1655.5 1776.5

Dow Jan. Dec. Mith Year Jones 2 51 ago ago

Spot 115.10 116.41 — #26.09 Fut .116.93 115.84 — #333.45

(Base: December 31 1931-100)

**MAIN PRICE CHANGES** 

In tonnes unless otherwise stated.

DOW JONES

Barley Fut. Mar. £113.65 +0.70£113.90 Maize £149.00 £145.00 Whisat Fut. Mar. £113.66 +0.00£113.45 No. 2 Hard Wint: 1 Pt. May | \$1459.5 | -8.0 | \$1459.5 | Pt. May | \$1459.5 | -8.0 | \$1459.5 | Pt. May | \$1545.5 | +1.5 | \$1647.5 | +1.5 | \$1647.5 | +1.5 | \$1647.5 | +1.5 | \$1647.5 | +1.5 | \$124.75 | +1.5 | \$124.75 | +1.5 | \$146x | +1.5 | \$146x | +1.5 | \$146x | +1.5 | \$159.0 | +1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5 | \$1.5

<del>.</del>	Wooltope 64e 429p 1000
official + or   High/Low	‡ Unquoted. † Per 75-ib final. c
6-6.5 +7 907/906.5 9.5-40 + 7.5 942.5/930	z Dec-Pan. w Feb. y Feb-March.
g (am): Cash 906.5-7 ths 930.5-1 (), settle- Final Kerb closs:	COFFEE
03 43 4	With a strong close in New last Wednesday London opened 530 higher today in thin trading

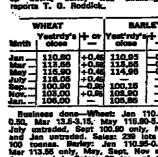
mid-months Commission House og had slowly eroded most of the s and with a poor performence New York, further liquidation levels back to unchanged.

Sales: 4,339 (3,168) lots of 5 tonnes. ICO indicator prices (US cents per pound) for December 31: Comp. daily 1979 122.80 (120.78); 15-day average 127.82 (128.57).

### COCOA

Sales: 1,851 (--) lots of 10 tonnes. ICCO Indicator prices (US cents per pound). Delity prices for Jenuary 5: 90.82 (91.89): five-day everage for Jenuary & 90.83);

Old crop wheat market remained atsady on keen shipper buying interest. Country merchants appeared on both sides of the market but, late in session, leaned towards the buy side. Old crop barley market by comperison was extremely thin, with light book squaring and modest shipper sailing on Jenuary and March positions, accounting for the 25 lot volume. New crop markets asso only September wheat trade at 5p down, barley was unchanged, reports T. G. Roddick.



### **POTATOES**

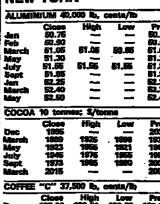
Although physical trada was slow futures opened imtredictally firmer rapidly trading over £3.00 up before good two-way business emerged. This strength was due to combination of factors: a firmer Dutch quota doubts over instore keeping quality, and eventually during P.M. to chertist break out poweres through old resistence hitming stop-loss buying orders which further fuelled values to close £8.50 up basis April position, at days highs, reports Colsy and Harper.

£ per tonne 107.00 | 106.00 | 158-00 | 149.50 | 188.10-161.00 176.30 | 158.40 | 174.56-172.50 89.00 | 89.00 | 99.50 | —

# US MARKETS

Drexel Burnham Lambert. Initial Commission House haying, however, failed to penetrate short-term resistance levels commencing \$18.30 basis February and prices fell back as the trade sold the market; support emerged below the \$18 level as locals dominated the rest as locals dominated the rest as locals dominated the rest of the session. Early profitaking in the gold futures depressed values before prices rallied in advance of the 400 level basis Feb en shortcovering and, late in the session, trade buying, Initial Commission House selling in silver futures failed to penetrate the support at 540-50 basis March prompting them to buy the market touching off light stops at 546. However, resistance emerged at 549, in front of stops at 550 and 557 to stem the advance. Good Commission House buying on copper futures touched off stops between 6145 and 6200 basis March and, despite a brief profit-taking decline, fresh trade and fund buying towards the close further steadied prices. The softs were generally quiet, with trade selling in coffee, Brazilian and speculative selling in cocea.





SOYABEANS 5,000 bu min, cents/60-lb bushel

64.00

CRUDE OIL (LIGHT) 42,000 US gallons;

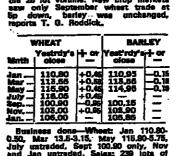
COTTON 50 000 the; cents/the

GOLD 100 tray az, \$/tray az

Futures began the year quietly and-raded in a narrow range finally looking on a weak note at the lows of the day. Some light consumer marest was noted although little susiness was finalised, producers con-inued withdrawn, reports Gill and buffus.

Yesterday's or Business 1416-1417 9.0 1429-1416 1448-1440 8.0 1468-1488 1468-1468 9.0 1478-1488 1487-1468 8 0 1498-1488 1514-1517 8.0 1828-1818 1548-1545 8.5 1561-1547 1560-1575 - 1888

**GRAINS** 



Jan entraded. Sales: 20 1019 or 100 tonnes.

HGCA—Herewith today's locational tax-farm spot prices: Feed Wheat: Eastern 110.50; E. Midg 110.60; N. East 109.70; Feed Barley: E. Mids 112.30. The UK monstary coefficient for the week beginning Monday January 12 (based on HGCA calcutations using four day's exchange rates) is expected to remain unchanged.

LONDON GRANNS—Wheat: US dark northers spring Na 1 15 per cent Feb 103.00. Mer 103.50, April/Mery 101.50. US No 2 soft red winter Jan 106.25. French 112-12 per cent Jan 142.00. English feed fob Jan 115.25/116.07, Peb 116.25/116.75, Malore US No 3 yellow/French transhipment east coast Der 142.00. Seriey: English feed fob Jan 116.50/117.00, Serson 114.50/115.50, Scottish Jan/Mer 115.75/116.76, Scottish Jan/Mer 115.75/116.76, Scottish April/June 119.00 seller. Rest unquoted.

# Close 402.8 405.0 406.1 406.7 412.2 415.7 419.0 426.6 434.2 419.0 Prev 401.9 404.0 406.1 407.7 411.2 414.7 418.0 425.5 433.1 418.0 RUBBER

High Low 300.5 405.5 400.1 402.0 402.0 403.0 404.0 412.5 406.5 415.0 412.3

426.6 422.5.

PHYSICALS—Closing prices (buyers):
Spot 64.25p (64.75p); Feb 62.25p
(62.75p); March 62.50p (63.00p), Kusia
Lumpur feb prices (Malaysian centa a
kilo): RSS No 1 221 (220) and SMR
20 201 (220).
FUTURES—Index 848, February 665675, March 670-680, April-June 676-686,
July-Sept 681-686. Sales: Nil.

Latest + or --

CRUDE OIL-FOB(\$ per barrel)-Jan. 

# 170-177 +10 153-155 +8 95-98 +2 156-158 +4 **GAS OIL FUTURES**

US \$ Turnover: 5,226 (2,467) lots of

HEAVY FUEL OIL Yesterday + or US #

98,00 96,60 95,50 +4.75 98.50-96.00 +8.50 \_\_\_\_ MEAT COMMISSION: Average fet-stock prices at representative markets; 68—Cattle 94.75p per kg tw (+1.25); 68—Sheep 201.37p per kg est dow



FREIGHT FUTURES Glose | High/Low | Prev. Jan. April July Oct. Jan. Apr. July Oct. BFI. 785/727 762/763 661/662 768/770 755/770 790/806 675 760 703

Inn 142.9 143.0 Narch 143.9 144.0 Narch 143.9 144.0 145.0 145.0 145.2 146.2 August 165.3 146.1 Sept 145.2 146.5 Dec 146.1 146.5 Jan 146.7 146.5 | Coll. (LiGHT) 42,000 US gallors; | Jan | 15.78 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15.20 | 15. SPOT PRICES—Chicago topse lard 16.00 (16.00) cents per pound, Handy and Harman silver bullion 538.0 (543.5) cents per troy ounce.

(-22.78); GB—Pigs 74.82p per kg lw (-4.41). FUTURES—Live Cattle: Feb 36.10; April 95.90; Sales 0. Pigs: Feb 94.80; April 95.80; June 95.50; Sales 10. TEA

There were 34,476 packages on offer in the London tas suction, including 5,400 packages in the off-shore section, reports the Tes Brokers' Association. Selected brighter Assems net good competition and otten gained 3-5p but mediums were riregular and tended easier, particularly plainer dusts. Bangladesh teas were quite well septoned and coloury types out on 2-4p. East Africans opened fully firm to desers with brighter tass strong but mediums were sometimes 2-3p lower by the close. Central Africans followed a similar pettern and plainer varieties lost ground. Ceylons met less demand than of late and apart from selected coloury BOPF's which held values, prices were 5-10p lower. Offshore tass came in for fairly good demand with brighter sorts fully firm. Quotations: quality 17sp a kg nominal (17sp): medium 14sp a kg (150p): kow medium 111p a kg (111p).

# SUGAR

The market eased back from pre-toliday levels on some scattered long liquidation, reports C. Czzmikow, \$ per tonne

\*\*\*Iar | 187.8-187.2 | 187.8-188.6 | 188.5-188.0 |

\*\*\*May | 141.2-141.8 | 142.1-142.4 | 142.8-140.8 |

\*\*\*Aug | 145.3-142.1 | 148.5-142.1 | 148.5 |

Oct | 163.3-143.8 | 168.4-181.8 | 180.9-148.4 |

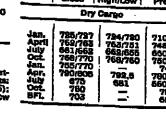
Dec | 182.8-185.2 | 183.2-185.8 |

May | 167.8-170.6 | 183.8-189.8 |

\*\*\*BANKS | 187.8-170.6 | 183.8-189.8 |

\*\*\*BANKS | 187.8-170.6 | 183.8-189.8 | FARIS—(FFr per tonne): Mar 1135/ 1140: May 1175/1180, Aug 1220/1230, Oct 1250/1280, Dec 1285/1300, Mar 1330/1350,

LORDON DAILY PRICE — Raw augar \$145.00 (£38.00), unchanged (unchanged) a tonne for January-February delivery. White sugar \$173.5, down \$1.00. Sales: 620 (---) lots of 80 tonnes. Tete & Lyle delivery price for granu-lated basis sugar wes £200.5 (same) a tonne for export. international Sugar Agreement — (US cents per pound tob and stowed Caribbean ports). Prices for January 2: Daily price — (5.48): 15-day sverage — (5.53).



# **CURRENCIES, MONEY & CAPITAL MARKETS**

#### FOREIGN EXCHANGES

lanuary 6 198

Men a Marin 111 p 122 p

Chaps F 57

CAGC

14. 0 CF.

TRE OF TREE OF

Medical Bridge

Hab the

Fig. 20 Sept. 1 Sept.

EA

Charles of the control of the contro

**SUGAR** 

Part Francisco

# Intervention boosts dollar

1.9160 when US traders entered the market, but finished near the day's high at DM 1.9325, after opening at DM 1.9245. The Bun-desbank had not intervened ex-

desbank had not intervened exciler in the day when the dollar was fixed in Frankfurt at DM 1.929 compared with DM 1.9199 previously, Dealers commented that the action by the authorities was well timed, and resulted in short covering of dollar positious. It was the first time the central bank had bought dollars on the open market since October 14.

**EMS EUROPEAN CURRENCY UNIT RATES** 

43.1963 7.85519 2.07394 6.85920 2.34324 0.764887 1445.72

POUND SPOT-FORWARD AGAINST THE POUND

INTERVENTION TO buy dollars by the West German Bundesbank the dellar in 1988-87 is 2.4710 to helped the dollar achieve a partial 1.9175. December average 1.9898. helped the dollar achieve a partial recovery on the loreign exchanges. Exchange rate index 143.2 composed by the Resgan Administration was in line with exchange rate index 143.2 compared with 125.7 six months ago. The D-mark lost ground to the dollar, after the West German Bundesbank intervened to buy dollars on the open market. The scale of intervention by the central bank was only small, but caught dealers by surprise and dollar had failed to a low of the market of the scale of intervention by the central bank was only small, but caught dealers by surprise and dollar had failed to a low of the scale of the scale of intervention by the central bank was only small, but caught dealers by surprise and dollar had failed to a low of the scale of the sca

New Year holidays dealers generally felt there was further scope for a dollar decline.

The reduction in the US Budget deficit in the 1988 financial year, proposed by the Reagan Administration, was in line with expectations, and had no impact, but the market could see little atternative to a further weakening of the dollar after the record \$19.2bn November US trade deficit announced at the US trade delicit announced at the

The dollar rose to DM 19305 from DM 19175 to SFr1.6285 from SFr1.6280; to Y159.45 from Y159.20; and to FFr6.3950 from FFr6.35.

On Bank of England figures the dollar's index rose to 1082 from 107.7.

STERLING Training range against

STERLING—Trading range against the deliar in 1866-57 is 1.5555 to 1.3765. December average 1.6287. Exchange rate index field 2.7 to finish at the day's low of 68.8, after opening at 69.2, and compared with 76.9 six meants ago.

Sterling was generally weaker, in spite of firm North Sea oil prices of around \$18 a barrel, and the high level of London interest rates. The pound field 1.75 cents to \$1.4725-1.4735. It also declined to DM 2.8225 from DM 2.8575; to FF9.42 from

from DM 2.8575; to FFr9.42 from FFr9.4650; and to Y234.75 from

STERLING INDEX

69.2 69.2 69.1 69.0 68.9 68.8 68.8 200 -------201 -------201 -------201 ------pri ..... **CURRENCY RATES** Bank riste % Carrance

Starling
U.S. Dollar
Cascadian S. Austrian Scis.
Belgian Franc
Dentisk from e.
Dentisk from e.
Pentin Guider
French Franc
Isalian Lira
Lepanete Ven
Hornary Krone
Spanish Peseth
Swetish Franc.
Greek Danck.
Irish Past 5.5 1.47 0.730935 1.07949 1.48407 14,6092 43,1963 7.48539 2,34534 6,85920 1445,72 171,264 7.49640 141,262 7.49640 1,41,796 16.6466 49.1952 8.9566 2.36572 7.8131 1645.52 N/A 9.0280 160.86 8.3054 N/A 169.869

CURRENCY MOVEMENTS

Bank of England Index. 66.8 108.2 77.1 135.9 98.5 91.4 145.2 167.3 132.8 72.8 72.1 48.7 206.3 Secritory
U.S. Dollar
Canadian Dollar
Canadian Dollar
Austrian Schilling
Selgian Franc
Danth Krone
Deutsche Mark
Swiss Franc
Gelder
French Franc
Lira
Yen

OTHER CURRENCIES 

UK clearing bank base lending rate 11 per cent since October 15

LUK clearing bank base lending rate 11 per cent since October 15

bank money touched a high of 1134 per cent before easing away to 4 per cent. The Bank of England forecast a shortage of around £1,000m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £516m and Exchequer transactions a further £685m. In addition banks brought forward balances £195m below target. These were partly offset by a fall in the note circulation which added £395m. To belp alleviate the shortage, the Bank offered an early round of assistance which totalled £106m and comprised outright purchases of £50m of eligible bank bills in band 1 at 10% per cent. £39m in band 2 at 10½ per cent. £50m in band 2 at 10½ per cent. £50m in band 4 at 10½ per cent. £50m in band 5 at 10% per cent. £50m in band 6 at 10% per cent. £50m in band 7 at 10% per cent. £50m i

Belgion rate is for convertible frames. Financial frame 60.40-60.50. Statement forward deliar 3.31-3.26 c pm. 12-month 6.25-6.15 c pm. DOLLAR SPOT-FORWARD AGAINST THE DOLLAR 1.4700-1.4850 1.4000-1.4140 1.3755-1.3775 2.1655-2.1860 39.95-40,30 7.269-7.324, 1.9160-1.9360

0.55-0.53c pm 1.00-0.90c pm 0.20-0.25c des 0.03-0.01c pm 4-6 c des 0.16-0.23 cre dis 0.27-0.24gt pm 116-140c des 75-85c dis 6-7 lire des 6-10-6-70pre dis 3.25-4.00c des 1.50-1.80 cre des 0.30-0.279 pm 1.10-0.50pro pm 0.38-0.33c pm 4.40 1.77-1.66 pm 8.09 2.90-2.60 pm -1.96 0.77-0.77 ds -0.11 0.99-0.06 pm -1.39 0.61-0.69 ds -0.32 0.61-0.69 ds -1.39 0.87-0.62 pm -10.34 325-325 ds -5.82 185-202 ds -5.82 185-202 ds -10.65 17.70-18.10 ds -6.84 9.25-10.22 ds 4.58 7.66 -2.16 0.14 -1.77 -0.36 1.36 -9.79 -6.56 -5.82 -9.74 -6.13 -3.38 1.80 0.52 2.16 145-1464 130.75-131.85 13075-131.85 131.46-131.30 1336-1346 13479-13434 7.328-7.355 7.358-7.354 6.348-6.402 6.394-6.39 6.748-6.772 6.774-1772 1 158.90-193.50 139.40-193.90 1.530-135.622 13.594-13.984 1.6340-1.6330 1.6290-1.6290

**EURO-CURRENCY INTEREST RATES** 114-114 blass 713-84 664 93-212 43-42 11-114 74-74 84-84 94-104 3-34 11-114 6+64 5-85 5-6 35-4 45-42 102-11 11-12-75-74 8-85 45-42 107-114 34-34 114-114 65-64 855-664 33-4 43-42 113-124 125-125 74-74 85-9 44-44 165-113 3-76 114-114 62-65 74-64 61-65 28-24 114-134 7-74 7-78 41-45 104-104 88

Long-term Eurodollars: Two years 6½-6½ per cent; three years 7-7½ per cent; four years 7-2-7½ per cent; five years 73-7½ per cent novelegal. Short-term rates are call for US Dollars and Japanese Yes; others, two days' notice. \_ EXCHANGE CROSS RATES

Jan. 2 & S DM YEN F Fr. S Fr. H FL Lina C S B Fr. E 1 1.473 2.843 234.8 9.430 2.398 3.213 1979 2.025 59.15 8 0.679 I 1.991 159.5 6.393 1.629 2.181 1344 1.376 40.15 DM 0.352 0.518 1 82.59 3.314 0.843 1.130 696.2 0.713 20.81 YEN 4.260 6.275 12.11 1000. 40.15 10.21 13.68 8430. 8.637 252.0 F Fr. 1.062 1.564 3.008 249.2 10. 2.545 3.410 2101. 2.152 62.79 S Fr. 0.417 0.614 1.186 97.91 3.929 1. 1.340 825.4 0.846 24.67 H FL 0.311 0.469 0.885 73.07 2.932 0.746 1 1.616.0 0.631 18.0 0.505 0.744 1.436 118.6 4.760 1.211 1.623 1000 1.025 22.69 C \$ 0.493 0.727 1.402 115.8 4646 1.182 1.584 976.1 1. 29.17 8 Fr. 1.691 2.490 4.806 396.9 15.93 4.083 5.431 3346. 3.428 1.00.

Little real

Change

C

4,654,80 83,-9 \$1,0 63,-63 4,156,25 11,-113, 4,45 13-131, 470485 470485 881-881 58-58, 381-382 — 4-3125 — 135-124 — 135-144 135-134 57 LONDON MONEY RATES 7 dáps Rollán Month Three Total Risk (Bay)

Fine Tread Bills (Bay)

Sur Lines (Bay)

Discount Risk (Bay)

Fine Tread Bills (Bay)

Sur Linked Deposits

Fine Tread Bills (Bay)

Sur Linked Deposits

ECU Linked Deposits

ECU Linked Deposits

ECU Linked Deposits

Trensury Billis (sell); sate-month 101, per cent; three-months 100; per cent; Bank Bills (sell): one-month 1016 per cent; three months 100; per cent; Transpary Billis, Average tender rote of discount 1047 per cent; three months 105; per cent; Transpary Billis, Average tender rote of discount 1047 per cent; LeCGO Finad Finance Schema IV reference date November 29 in December 31 (inclusive): 11.982 per cent. Local Authority and Finance Rouses seven days' notice, others seven days' fixed. Finatene Houses Base Rose 1119 per cent from humary 1, 1967; Bank Deposit Rates for some at seven days' notice 4.35-4.375 per cent. Certificates of Tax Deposit (Series 6): Deposit \$100,000 and over haid under one month 105, per cent; one-three months 11 per cent; three-is sounds 115; per cent; she-old months 115; per cent; three-lig months 115; per cent; three-light months 115; per cent; thre

FINANCIAL FUTURES

# Gilts fall on weak pound

JAPANESE YEN-Trading range against the dollar in 1998-87 is 202.78 to 152.35. December average

162.13. Exchange rate index 206.3 against 212.2 six menths age.

The yen showed little change aganst the dollar in Tokyo yester-

day. Sentiment was bearish for the US currency, because of the record US trade deficit in Novem-

week, but that the decline would be offset by demand from foreign

bond investors. The dollar touched a low of Y158.15 in Tokyo, but closed at the day's high of Y158.65, compared with Y160.10 at the previous close on December 31, and Y158.50 on Friday in New York.

± 1.5368 ± 1.6403 ± 1.1127 ± 1.3659 ± 1.5059 ± 1.6683 ± 4.0734

171-166 pm 133-126 pm 34-35 pm 34-35 pm 34-35 pm 34-35 pm 242-338 de 4-9 de 142-152 de 25-15 pm 34-35 pm 4-35 pm 4-35 pm

458 244 451 254 -007 -286 -5.03 -131 -5.53 -151 0.90 6.18 4.95 6.67

LONDON

March Jone Sept. Dec. March

| Sept. | Sept

Close High Low Pres.

March 100-02 100-05 99-18 99-01

Jone 99-05 99-01

Enricated Volume 2,320 (855)

Previous day's open lat. 3,231 (3,342)

May, 1,4655 1,4655 1,4580 1,4730 1,4730 1,4730 1,4730 1,4730 1,4730 1,4730 1,4730 1,4735 1,47

**CURRENCY FUTURES** 

POWER-S (FOREIGN EXCHANGE)

INN-STEPLING & per £

U.S. TREASURY BONES 8% S100,000 32min at 199%

ber, but any move to sell the dol-lar was offset by fears of interven-tion by the Bank of Japan at around Y158, and by expectations that the Japanese investment trusts, set up last month, have not yet hought enough dollars to meet their requirements for foreign hond purchases. Dealers expected the dollar to fail this meet but that the dealing would

LIFFE LONG COLT PUTURES SPTIME

7.05 12.05 7.15 4.10 1.90 0.45

GILT PRICES lost ground in the London International Financial Entrancing renewed buying my fell almost immediately to a low of Futures Enchange yesterday following a weaker sterling trend. The latter was mainly a reflection of a recovery in the value of the US dollar. Late last week, markets had shown some enthusiasm because of sterling's rise but some dealers failed to believe that any change had taken place in the factors governing sterling's performance and yesterday's weaker trend tended to underline the point.

The long-dated gilt for March delivery opened at 114-12 down from 115-18 on Friday as sterling lost.

The market bond opened at 99-22 and fell almost immediately to a low of fell almost immediately to a low of fell almost immediately to a low of sell almost immediately to a low of fell almost immedi

£32,500 (cr

LIFFE FT-SE 100 HOPEX FUTURES OPTIONS LIFFE US TREASURY BOMB FUTURES OFFICES

March 0.50 0.65 2.05 4.65 16.10 20.90 20.20

CHICAGO Close High Low Pres. 113-20 114-20 113-16 116-03 113-25 114-22 113-29 115-08 i valume 25/126 (L6,934) day's open lat. 15/281 (16,684) Latest (ligh Low Pres, 0.5189 0.5233 0.5180 0.5215 0.5205 0.5247 0.5194 0.5231 0.5224 0.5247 0.5210 0.5247 92. 93. 91.7 91.3 93-18 92-27 92-27 93-23 18891 High 93.99 94.00 93.00 94.62 93.92 93.94 93.73 93.75 93.46 93.48 93.13 93.16 92.83 92.83 92.87 92.50 94.75 94.80 94.75 94.62 Lon 0.6147 0.6179 0.6225

20 31 780 750 FL112 F1,75.40 F1,89.90 F1.44.60 F)\_176.50 7.50 3.30 9.70 0.80 2.90 2.70 3.10 8.10 6.80 FI.39.30 FL80.70 F1.44.40 10.40 10.50 F1,209.40 FL95.20 25.50 25.50 25.00 FLSS4 A=Ask **BASE LENDING RATES** 

**EUROPEAN OPTIONS EXCHANGE** 

1.50 9.50

350

1

Mergan Grenfell
Mot Creft Corp. Ltd...
Rat Bt. of Konalt
Rational Grobant
Rat Westwiester
Hat Westwiester
Hornbern Bank Ltd... Adam & Company ...... Alfied Arab Bk Ltd..... Citizani; Sarings

City Merchanis Bank

Ciydestale Bank

Comm. Bk. N. East American Exp. Bic... Morarich Cea. Trust... PK Finans, leti (UK)..... Provincial Trest Ltd...... R. Raphael & Sons ...... Duncas Labore .. Bank Happaline 11 Bank Learni (UK) 11 Bank Crofit & Comm 11 Bank of India... Bank of Scotland
Backs of Scotland
Backs of Scotland
Backs Beige Ltd
Backs Banks
Beneficial Trust Ltd
Beneficial Trust Ltd Westpac B'riking Corp Whitesway Laidlaw Yorkshire Bank HFC Trest & Savings..... 11 Hambro Bank ... 

# **EWORLD VALUE OF THE POUND**

The table below gives the latest available rate of exchange for the pound against various currencies on January 5, 1987. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. deliar parities and going sterling-deliar rates; (T) tourist rate; (Ras.) basic rate; (b) buying rate; (Bis.) basicers' rates; (cm) commercial rate; (ch) convertible rate; (b) fleacted rate; (es) exchange certificate rate; (ne) non commercial rate; (non) nominal; (e) official rate; (sg) selling rate; (c) controlled rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING	COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghenistas	Alghani	99.20	Ghara	Cedi	225.6440	Paparia	Balbao	1.4730
Abania	Lek Dinar	10.10 6.84	Gibrattar	Gibraitar £ Drachma	1.0 204.93	Papua New Guines	Kina	1.4039
Algeria	(French Frasc	9.42	Greentend	Danish Krose	204.73 10.7825	Рагафілу	Getrani	[353,35 [990,83
Andona	Spanish Peseta	193.65	Greate	E. Caribbean S	3.99	l	B1	∫enc(a)20.75
Argota	Кириза	44,1745	Guadaloupe	Local Franc	9,4200	Peru	, teri	29.825
Antique	E. Caribbeau S	3.99	G12.00	บ.ร. \$	1.4730	Philippines	Philippine Peso	29.70
Argentina	Austral Florio .	1.8503 2.6514	Granestala	Quetzal'	{1,4730 (F) 3,8356	Pitcairn (slands	E Sterling   New Zealand S.	T
Artrile	Australian S	2.2055	Colnex	Franc	502.01	Poland	Zioty	2.7648 201.57
Acstria	Schilleg	20,075	Guinea Bisseu	Peso	251.71	Portugal	Escudo	213.58
A201784	Portuguese Escudo	213.58	Guyana	Guyanese \$	5.90	Puerto Rico	U.S. S	1.4730
Balances	Betante S	1,4730	Halti	Gourde:	7.3650	Reselog tale de la	Ostari Ryali French Franc	5.3835
Rahrato	Dinar	0.5575	Honduras	Lempire HJK, S	29455 11 5158			9.4200 ((cm) 6.25
Baleteic Islands	Spanish Peseta	193.65	Hoog Kong	Forlet	67.6393	Romanta	Lea	(N/C) 15.38
Banglodesh	Talca	44.50	keisei	fcelandic Krona	59.522	Rwanda	Rwanda Franc	122.17
Barbados	Barbados S	2.9626 ((cm) 59.15	loca	todian Rupee	19.00	St. Christopher	E. Caribbean \$	3.99
Belgions	Belgian Franc	t(何) 60.45 ·	Indonesia	Ruplak	2439.825	St. Helena	St. Helena £	70
Beitze	B S	2.9460	1ran	Rial	110.25	St. Lucia	E. Caribbeau \$ Local Franc	3.99
Bestie	C.F.A. Franc	472.00		Jraqi Dimar	0.4630	St. Vincent	E. Caribbean S	9.4200 3.99
Bermuda	Bermudaa Ş	1.4730	Irish Republic	Point, Shekel	1.0485 2.1965	Samos American	U.S. S	14730
Bolivia	Ngultrum Bolivian Pesa	19.00 (a)2,823,068.0	Italy	Lira	1979.0	San Marino	العائم لأدو	1979.0
Botsween	Pola	2.6873	Ivory Coast	C.F.A. Franc	471.00	São Tome & Principe	Dobra Conti David	54.62
Brazii	Спилани	22.0858 (L6)	Jamakea	Jamaicae Dellar	B.4450	Saudi Arabia	Sandi Ryal Ç.F.A. Franc	5.5338 471.00
British Virgin Islands	U.S. \$	1.4730	Japan	Yen	234.75	Sexchelles	S. Rusee	8.40
Brunel	Small \$	3.2105 1.2967	Jordan	Jordanian Dinar	0.5055	Sierra Leone	Leone	(a) 50.75
Bulgaria	Lev C.F.A. Franc	471.00	Kampuches	Riei	N/A	Slogapore	Singapore \$	3-2105
Вита	Kyat	10.0258	Kenya	Kecya Skilling	23.60	Solomon (stands Sossali Republic	Sofoman (s. \$ Somail Shilling	2.9091 162 03
Birendi	Burnedi Franc	380.40	Korpa (North)	Australian S Woo	2.2055 1.3846		_	(Cm)3.1990
Carrargon	C.F.A. Franc	471.00	Korea (South)	Woe	1281.325	South Africa	Rend	(Fn) 6.8113
Carracte	Canadian S	2.0275	Krangit	Kewalti Dinar	0,43120	Scele	Pisseta	193.65
Canary Islands	Spanish Peseta	193.65	Lacs	New Kip	51,555	Spanish ports in North Africa	Peseta	193.65
Cape Verde Islands	Cape V. Escudo	131.49	Lebanon	Lebanese E	125.8255	Sri Lanka	S.L. Ranee	41.75
Cayman Islands	Cayman Isles, \$ C.F.A. Franc	1,2300 471,00	Lesotho	Mainti	3.1950	Sudan Republic	Sodae £	3.6825
Clad	C.F.A. Franc	471.00	Ube-is	Liberian \$	1.4730	Surinam	S. Guilder	2,6293
Chile	Chilean Peso	296.60	Lityz	Libyan Dinar Swiss Franc	0.4642 2.3975	Swaziland Sweden	Litangesi Swedish Krona	3.1950
China	Resminhi Yuzu	5.5257 326.92	Leocenbourg	Luxembourg Franc		Switzerland	Swiss Franc	9.9750 2.3975
Colombia	Col. Peso C.F.A. Franc	471.00	Marce	Pataca	11.9601	Syria	Syriam £	(A) (T) 9.0
Congo (Brazzarille)	C.F.A. Franc	471.00	Madelra	Portoguese Escudo	213.58			₹(cq) 5.7815
Costa Rica	Calon -	86.97	Malagasy Republic	M.G. Franc	1031.80	Talwan	New Talwan \$	52,15
Cuba	Cubas Peso	1.1861 0.7450	Malauri	Kyacha	2.8475 3.8423	Testaria	Tao, Shilling Baha	76.50 38.10
Cypros	Cibus T	r(com) 8.20	Majgista	Ringgit Ruffyra	10.3110	Togo Republic	G.F.A. Franc	471.00
Creckoslovakia	Когина	at: 14.28	Mati Republic	C.F.A. Franc	471.00	Tonga Islands	Palanca	2.2055
1		(m 13.91	Maita	Maitese &	0.5360	Trinidad & Tobago	Trividad & Tub. S	5.3028
Descurk	Danish Kroner	10.7825	Martinique	Local Franc	9,4200	Tunisla	Tunklar Dinar	1.2362 (sg)
Diboni Republic of	Djibouti Frant	255.0	Mauritaria	Ouguiya Maurittas Russe	110.44 19.075	Turks & Caleos Islands	Turkish Lira U.S. S	1101.59 1.4730
Pomielca	E. Carthbean \$	3.99			(F) 1372.50	Turab	Autoralian S	1.97.30 2.2055
Consistent Republic	Dominican Peso	4,5033 (7)	Mexico	Mexican Peso	(c) 1362.81	Usanda	Uganda Skitiling	2000.0
Parties.	Sucre	f(a) 215.75	Miquelos	Local Franc	9.4200	United States	U.S. 3	1.4750
Ecoder	OCCUPANT.	(F) 213.40	Monaco	French Franc	9.4200 4.9427	Uniquity	Uraguay Peso	261.335
E9994	Egyptian £	(1.0311 (1.9974	Mongolia	Tugrik E. Çaribbean \$	4.9927 3.99	United Arab Emirates . USSR	U.A.E. Dirham Rouble	5.4158
El Sahador	Colon	7.3675	Motors	Dirham	12.68 (sp)			0.9815
Enginial Color	C.F.A. Franc	473.00	Mozambiote	Metical	UU 57.93	Vancista	Vatu	167.55
Ethiopia	Exhicotec Birr	3.0550	Namible	S.A. Rand	3.1950	Varient	italian Lira	1979.0
Falidani Islanda	Falkiand Isles E	1.0	Naura Islands	Australian S	2.2055	Venemela	Bother	(4) 6.33 (5) 11.05
Farce Islands	Denish Krener	10,7825	Nepti	Nepalese Rupee	31.60			(6) 3439
Fili Islands	Fiji S	1.6727	Matherlands	Guilder Antilian Guilder	3.2125 2.6514	Vietans	Dang	(6) 118.20
Finland	Marida	7,0320	Netherland Appliles	ARMHAN GUNDER N.Z. S	2.0014	Virgia islands U.S.,	U.S. \$	1.4730
Fighte	Franc	9.4200		-	(1349.16	Western Samoa	Tale	(A) 3.20
French C'ty in Airica	C.F.A. Franc	471.00 9.42	Nicaragea	Cordoba	(F) 3240.05	Yemen (North)	Rial	(A) 15.15 (se)
French Pacific Islands .	C.F.P. Franc	165.00	Niger Republic	C.F.A. Franc	472.00	Yerren (South)	S. Yemen Disse	0.5064
,		471.00	Nigerit	Naka	(0) 4,8481 (15)	Yugostavia	New Y. Digar	669.02
Gabba	G.F.A. Franc Datesi	11.0	Norvety	Morwegian Krone	10.8475	Zaire Reoublic	Zaire	100.99
Germany (East)	Danesa Ostmark	2.8425	Oman Sultanate of	Rial Omani	0.5690	Zambia	Kwacha	19.15
Germany (West)	Deutsche Mark	2.8425	Pakistan	Pakistan Ropee	25.10	Zimbahere	Zimbabwe \$	2.4550
1								

#Rate is the transfer market (controlled). ## Now one official rate. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for Public Sector Debt and Essential Imports. (5) Preferential rate. (6) Free rate for transpringers, remittances of money abroad and foreign travel. (7) Parallel rate. (9) Banknote rate. (10) Rate for exports. (14) Nearly all business transactions. (15) Nigeria, Auction price for dollar N/A. (16) Brazil:—1 cruzado equals 1,000 cruzolrus. (9) Banknote rate. (10) Rate Correction for December 31, 1986: Netherlands 3,2475.

28	1		Financial Times Tuesday January o 1907
BRITISH FUNDS  198497   Price  + ar   Yield	AMERICANS—Cont.  296687 Price + or By High Law Stock & - Gress Conf.	LONDON SHARE SERVICE	ERGINEEKING—Continues
"Shorts" (Lives up to Five Years) 102:2 100.5 [Sept. 19.07 1987 1004 1005 17] [Tress 104.005 187 9912 44 10.26 11.2 101.4 "Night 104.00 1987 9913 4 10.52 11.1		( DUILDING, IIMBER, RUADS—COME   Secretar, G. S.	10 11 10 1 10 1 10 1 10 1 10 1 10 1 10
97% 27% Each Page 1987 99% 1052 111 97% 27% 1052 121 97% 27% 1052 121 97% 27% 1052 111 97% 1052 111 97% 1052 111 97% 1052 127%		The Low   Stack   Price   West   Price   West   Price   Price   West   Price   Price   West   Price   Price   West   Price   Pr	150 75 Brathwests Cl. 163 +101 bl.13 42 27 125 +26 166 Do. Brithwests Cl. 150 30 Brathwests Cl. 150 42 105 105 105 105 105 105 105 105 105 105
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1072 92 1072 199 10.7 199 10.7 199 10.7 199 10.7 199 10.7 199 10.7 199 10.7 199 10.7 199 10.7 199 10.7 19.7 10.7 10.7 10.7 10.7 10.7 10.7 10.7 10	2 725 187 197 Central 23 171 31 25 - 37		505 233 Carclo Eng. 497 +2 15.0 27 4.7 10.3 453 365 182 1 79 11 8 3.7 3.2 10.3 120 120 120 120 120 120 120 120 120 120
1004 94 Sept 100 1989 98 100 10 10 10 10 10 10 10 10 10 10 10 10	7 1374-626 [Falmioni Francisi 1074-14]	20 124 Edition (EJ) 100 348 5591 43 24 9.6 1 100 Marking (III) 152 42 121 421 43 121 43	1 42   78   Charles Hand
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1077 87 End Ver 1998 957 4 10.17 10.3 684 72 livres 52 1995 981 77 4 8.57 9.9 1682 123 livres 15 pt 984 11.73 10.4 1244 1021 End. 125 1998 110 1 10.91 10	9 4111 294 Sen Ca. Inc. S1 377 an + 13 13.00 - 52 13.00 - 53 13.00 - 53 14 15 13.00 - 53 14 15 13.00 - 53 15 15 15 15 15 15 15 15 15 15 15 15 15	2 688 42 Printer Up 689 -2 1151 52 529 1149 359 277 Cable & Writes Sto. 327 -2 144,75 3.1 2.1 17, 683 115 52 648 115 52 648 115 52 648 115 52 648 115 52 648 115 52 648 115 52 648 115 52 648 115 52 648 115 52 648 115 52 648 115 52 648 115 52 648 115 115 52 648 115 115 52 648 115 115 52 648 115 115 52 648 115 115 52 648 115 115 52 648 115 115 52 648 115 115 52 648 115 115 52 648 115 115 52 648 115 115 115 115 115 115 115 115 115 11	467 306 MM Hotelands 468 80 33 25 16.9 188 105 WCSR AS1 35 2 402.7d 31 12 26.3 119 65 MS Internal IDP 86 +1 20 40 33 8.9 190 130 CVD Inc. \$0.01 123 2 402.7d 31 12 26.3 12 12 12 12 12 12 12 12 12 12 12 12 12
126-) 104 3 Erch. 127 or 1999 122 3 4 5 10.92 10.47 114 94 3 10.92 10.47 114 94 3 10.32 10.31 10	7	191 134 Regist Perior 185 +1 138 29 29 170 175 171 46-98 181 59 176 177 181 181 177 181 181 181 181 181 181	0 270 185 MacKechele Bres. 257 -1 10.01 19 59 11.3 70 78 4C'hell & Armstray 59 11.3 and 2 11.5 21.91 (4) 11.6 2 11.7 25.7 202 18.1 95 MacKechele Bres. 257 -1 10.01 19 59 11.3 17 202 18.1 95 MacKellare 19 2 11.5 27.1 11.2 27.7 202 18.1 10.1 27.7 202 18.1 10.1 27.7 202 18.1 10.1 27.7 202 18.1 10.1 27.7 202 18.1 202 18.1 202 1
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1975   99%   Conversion   40x 2006   973   5   10.03   10.05   10.25   10.45   10.45   10.45   10.45   10.45   10.45   10.45   10.45   10.55   10.25	16- 875p VEcho Say Mines 15-4-3 20c — 0.6 905p 250p Gorden Scopter Res. 25-5p +8 — — — — — — — — — — — — — — — — — —	10   10   10   10   10   10   10   10	18   108   108   109   109   118   118   118   119
Undated	7 750s 100n Heatys Group 653n +7 151 112-Hardson's Bay 1114-Hardson's	195 100 Ward Group 5a 100	2 500 347 Staretey Inds. Cl. 567 42 117.5 26 43 11.6 198 152 4Cresplant Labs 200 175 837.1 22 33 12.2 20 48 Stather 8 Plat 5 78 +1 173 120 Cres Hickol 10p. 164 4-2 144.75 3.0 43 11.8 155 535 30 7ACE 10p. 410m-155 8.52 4 2.9 4 330 120 Cres Hickol 10p. 164 4-2 144.75 3.0 43 11.8 155 558 353 TI Group Cl. 490 +1 113.0 2.5 3.7 12.5 330 120 0PCE 5-2 255 2281 39. 1.3 28.4 155 558 353 TI Group Cl. 490 +1 113.0 2.5 3.7 12.5 330 120 0PCE 5-2 255 12.8 13.8 13.8 13.8 13.8 13.8 13.8 13.8 13
47 38 & Doesnis 4pc	111   731p	7 C100 E75 BASF A6 DN 90 925 1020% 18 37 15.0 959 47 FKI Elec 109 950 412 10.78 57 1.1 16. 15.0 15.0 15.0 15.0 15.0 15.0 15.0 15.	5 59 353 TI Group CI
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	9 Nigh Law Stack Price — Set Cw Gr5 PS 5 132 137 185 ANZ SA1 256m+5 (33c 0 5.6 0 5.6 0 5.8 7.5 137 ANZ SA1 255m+5 (231c 0 5.6 0 5.6 0 5.8 7.5 137 ANZ SA1 251 146 1954 17 5.6 5.8 7.9 88 4.3 Astronomy (1.1) Bi −1 85 −1 954 17 5.6 5.8 7.9 88 4.3 Astronomy (1.1) Bi −1 954 17 5.6 5.8 7.9 88 4.3 Astronomy (1.1) Bi −1 954 17 5.6 5.8 7.9 98 1 98 1 98 1 98 1 98 1 98 1 98 1 98	285 128 ROtalece 283 4.4.9 3.7 2.4 14.1 149 6 8Histoproide D. 71 149 185 2.5 128 128 128 128 128 128 128 128 128 128	
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int. Bank and O'Seas Govt Sterling Issues	466 365 Bank Scritted E1 483 -1 †14.0 3.6 4.9 8.0 80 47 Bank of Wales 49 +1 42.4 2.3 5.0 111.	414 333 Lagarde Not. 500 465 5 10.29 246 25 152 117 20 Legion let \$10.01 21.01 260.46 3.5 11.6 22 1.0 9.2 0.7 23.	170   130   ASDA-MFT (Group   125   -2   3.15 3.0   2.9   16.6   2.5   101   Elders Od. SA1   2.9   4.2   2.9   1.5   3.1   12.5   4.5   3.1   2.5   4.5   3.1   2.5   4.5   3.1   3.1   2.5   4.5   3.1
1164   925-Adricas Dr. St. 111-12 2000   994-25   111-18   111-13   111-1	7 48 32 Berchart 20p 48 +2 1.63 1.8 4.9 1.6. 700 410 Brown Shipley 51 578 -5 195 - 23 - 8 146 1.9 Besides Biot TS 98 1.15.1 72 22 8.8 Cater Aften EL 313 +20 12015 - 91 - 101 67 Homes 75 5000 1.0 120 120 120 120 120 120 120 120 120 12	157   119   Marylarous Pith Maria   155   127   131   25   156   198   133   Marrie Eleas   168   29   45   21   143   33   45   30   45   40   40   40   40   40   40   4	7 1 26 95 Ass. Fisherits
100-2 84-4 Do. Papel s 2015	221, CIA-Commercite DM10	179   119   119   119   119   119   126   12   12   13   14   14   12   12   13   14   14   14   14   14   14   14	1   1627g   50   Barter & Obon 10p   146st
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The UK securities markets made at uncertain start to the first trading week of the New Year, as gilt-edged gave back a part of last week's gains and equities failed to respond to the advance on Wall Street. The City gave a guarded on UK economic prospects from Mr Nigel Lawson, the Chancellor of the

With the pound lower in the face of the latest public opinion polls, which showed a narrowing of the Government's lead, gilt-edged slip-ped lower throughout the session. Long-dated issues closed about 1½ much sign of recovery at the close.

The FT Government securities

index shed 0.10 to 84.66.

The trend appeared to bear out nts from major securities houses. "For the UK markets, 1987 will be a political year," said L. Messel, and Nomura Research sug-gested that "political factors rather economic fundamentals

Warnings from some analysts that UK inflation could reach 5 per cent this year brought initial gains in index-linked (IL) stocks. The authorities were able to activate the recently-introduced IL tap stock maturing 2024 But gains were trim-med as weakness in conventional gilts discouraged investors.

The equity market opened firmly, helped by Wall Street's strength on Friday and by the Chancellor's reaffirmation of the Government's wish to cut UK tax rates. But the weakness in gilts undermined the stock market, and prices began to drift off in slugg-ish trading. The mood brightened, but only briefly, when Wall Street opened with another sharp rise. Share prices remained on the downside, and at the close the FT-SE 100 index showed a loss of L1 at 1,680.0. The FT Ordinary index

Oil stocks made little response to the continued firmness in spot oil prices. Bank shares, which also helped to make the running in equities last week, turned downwards, as some analysts took a more cautious stance on the profits outlook. Barclays gave ground after adverse comment from its own stable—marketmaker Barc-lays de Zoete Wedd put on a "sell"

ommendation. Mercantile House jumped 86p to 384p on rumours that a substantial block of shares had changed hands—the chairman quickly admitted that "one or more offers" may be in contemplation. Laing & Cruickshank, Mercan-tile's broking subsidiary, refused comment on market rumours that it was offering up to 370p per share on behalf of an American client for a 15 per cent stake in

Another weak spot was British liams firmed 4 to 228p following Telecom, with both stocks and Press comment and Helical Bar

# share prices move indecisively the workforce "withdrew good-

will " over a pay dispute. Not all was gloom, however, Jaguar and Saatchi, benefiting from lower sterling, saw some US buying. GEC moved up sharply, as both the shares and traded options responded to

rumours. Barclays sold

Surprise news that Barclays de Zoete Wedd is advising clients to sell their shares in its clearing bank parent unsettled Barclays which dropped to 500p at one stage before closing 10 down on balance at 505p. Midland cheapened a couple of pence at 605p, but Lloyds roughly 10 5 at 450p and NatWest pie of pence at 605p, but Lloyds moved up 5 at 450p and NatWest improved 5 at 553p. Having been overlooked of late, Discount Houses returned to prominence. Union jumped 20 to 638p on buying abead of the annual results scheduled for early next month. Gains of 13 and 20 respectively were seen in Gerrard and National, 312p, and Cater Allen, 313p. Elsewhe much-troubled Morgan Grenfell much-troubled morgan Grentell were helped by a weekend Press suggestion that the group is now ripe for a bid and rallied 12 to 375p. Benchmark, which recently announced an agreed merger with Chariton Seal Dimmock, a Manchester and London-based firm of stockbrokers rose 2 to 48p. while chester and London-based firm of stockbrokers, rose 2 to 48p, while First National Financial Corpora-tion celebrated the 65 per cent jump in annual profits to £36.7m with a rise of 15 at 218p. Breweries, relatively firm of late,

partly reflecting persistent seasonal interest, adopted a more irregular profile. Allied-Lyens remained lively—some 3.1m shares changed hands—and settled 3 firmer on balance at 326 after 317p, amid reported US support. Easier values prevailed, however, in other leaders with recently-supported Whithread A 3 off at 272p and Bass 6 lower at 734p. Guinness traded in nervous fashion, closing 6 cheaper ess traded in at 294p reflecting occasional profit-

Blackburn-hazer Elsewhere. Matthew Brown dipped 6 to 554p after 550p, following suggestions in the weekend Press that former suitor Scottish and Newcastle may direct its acquisitive attentions to Norfolk Capital; Scottish closed a couple of pence off at 198p.

Business in the Building sector remained at a low ebb and prices fluctuated narrowly Blue Circle were 4 easier at 674p despite news that Adelaide Steamship had increased its holding in the company from around 9 per cent to 9.57 per cent. Elsewhere, Wettern Brothers gained 8 more to 163p awaiting news of bid discussions, but Bryant Holdings, the subject of an unwelcome offer from English China Clays, lost 1½ to 161½ in the absence of a higher bid. Publicity given to a chart buy sig-nal boosted Turriff 4 to 210p, while renewed speculative buying on takeover hopes lifted Notting-ham Brick 2 to 307p. Heywood Wil-

\*First Declara- Last Account Dealing Dates Option Declara- Last Account Dealings Good Sector While Dealings Good Dealings Declara- Last Account Dealings Declara- Last Account Dealings Declara- Last Account Dealings Declara- Decl

FINANCIAL TIMES STOCK INDICES											
	Jan.	Jan.	Dez	Dec.	Dec.	Year	198	⊌87	Since Ça	mpilation	
	5	2	31	30	29	ago	High	Low	High	Lów	
Government Sess	84.66	84.76	53.63	83 <i>5</i> 5	83.25	82.15	94.51 (18/4/86)	80.39 (20/1/86)	127.4 (9/1/35)	49.18 (3/1/75)	
Fixed Interest	90.42	90.23	89.72	89.60	89.53	88.51	97.68	86.55 (23/1/86)	105.4 (28/11/47)	50.53 (3/1/75)	
Ordinary 🕈	1,322.8	1,320.2	1,313.9	1,308.6	1,307.1	1,141.8	1,425.9 (3/4/86)	1,094.3 (14/1/86)	1,425.9 G/486)	49,4 (26/6/40)	
Gold Milites	308,9	304.1	288.9	298.2	299.0	267.4	357.8 (22/9/86)	185.7 (18/7/86)	734.7 (15/2/83)	43.5 (26/10/71)	
Ord. Div. Yield	4.35	4.36	4.38	4.39	4.39	4.34		S.E. AC	TIVITY		
Earnalings Ytd.%(full)	10.29	10.33	10.36	10.39	10.41	10.80	lo	lices	Jan. 2	Dec. 31	
P/E Ratio (net) (*)	11.93	11.88	11.84	11.81	11.79	11.43	Gilt Edged	Bargains	90.2	84.1	
SEAQ Bargains (5 pm)	34,376	19,640	22,524	25,720	22,827	_	Equity Barr	patinš	. 246.2	208.5	
Equity Turnover (£m)	! — i	320.58	498.96	620.71	751.33	455.77	5-Day Ave		. 646.0	1008.5	
Equity Bargains	-	37,993	32,172	35,743	31,651	27,244	Gilt Edged	Bargains	85.5	89.2	
Shares Traded (ml)		220.8	277.8	334.4	308.4	247.2	Edulth Asyli	ains e	203.1 1158.9	209.1 1380.0	
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revived with a gain of 11 to 441p.
Anglia Secure Hemes rose 10 to
290p following acquisition news.
Chemicals displayed several
bright features. Coalite, still
reflecting a new year investment
recommendation, gained 6 more
to 295p, while Wardle Storeys
added 2 to 385p ahead of Thursday's annual results. Buyers were day's annual results. Buyers were attracted to W. Canning, 8 higher at 149p and James Halstead, 4 up at 164p. Spectra Auto Engineering jumped 7 to 80p following an ment prompted a rise of 10 to 183p in Braithwaite and a similar gain jumped agreed bid of 95p per share cash from Burmab.

Ratners were firm in Stores, ris ing 4 to 265p following demand ahead of next Monday's interim figures. Ernest Jones rose a cou-ple of pence to 90p and Fine Art Developments were wanted at 197p, up 8. Bolton Textile, on the other hand, fell 7 to 27p, after

British Telecom down The Mori opinion poll giving the Tories only a very narrow lead

over Labour and renewed worries about the threat of industrial action being made by the com-pany's engineers in pursuit of a 5 per cent claim depressed British Telecom which fell 5 to 211p. Plessey were also friendless at 182p, down 4, but news of a possible US Navy contract helped underpin recently—firm GEC which gained a couple of pence more at 191p.
BICC remained a good market at
278p, up 5, and Ferranti revived
with a rise of 4½ at 103½. BSR iumped 8 to 90p in response to jumped 8 to sup in news of the management buy-out of its Capetronic subsidiary, while Press comment lifted Crystalate 10 to 238p and Sunleigh 3 to 32p.

Speculative buying helped Elecre-

3.78 3.82 2.28 3.66

11.09

5 yrs... Over 5 yrs... 5 yrs... Over 5 yrs...

5 years.... 25 years....

3.85 3.85 2.35 3.69

11.20

0.00 0.00 0.00 0.00

11.51

Hawker, reflecting publicity given to a broker's circular and the proposed acquisition of Connectron, a privately-owned US company, for £5.5m cash, made further headway at 461p, up 6 Elsewhere in the Engineering sec tor. Tyzack Turner advanced 14 to 180p on asset injection hopes, while weekend newspaper com-

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

to 210p in VSEL. Birmid Qualcast, among Chase Manhattan's 1987 recommendations, improved 7 to 147p. BM Group moved up 10 to Dee Corporation attracted a reasonable business in the Food Retailing sector and closed 3 dearer at 217p. Among Food Manufacturers, Northern Foods were a good market at 251p. up 3,

while Tate and Lyle improved 6 to Grand Metropolitan slipped 9 to 450p as recent takeover speculation cooled.

Pilkington down again

Pilkington met with fresh selling as further bid developments were decision on whether the BTR bid is to be referred to the Monopolles Commission; down to 629p in a relatively lively trade (4.1m) Pilkington rallied to close a little above the worst at 635½p down 22½ on balance. BTR closed a penny firmer at 271p. Other leading miscellaneous industrial leaders were inclined harder in slow trading, Beecham, 444p, and Boots, 238p improving 4 and 7 respec-tively. US acquisition news stimu-lated revived demand for Blue

nic Machine move up 3 at 86p and Arrow which put on 18 to 408p, Prestwick gain 6 at 62p, while weekend press mention directed buying interest to Avon Rubber, 15 to the good at 393p.
Newspaper comment also left
Hedgson 7 higher at 178p and Reuters B 6 better at 556p. Kelsey Industries came to life, rising 27 to 350p in a narrow market, while other noteworthy gains included Scottish Heritable, 9 dearer at 159p. and Bodycete, 7 to the good at 375p. F. H. Tomkins, up 4 more at 297p. next Monday's interim results.

> In the Leisure sector, Brentgained 6 to 198p, both in restricted markets. Zeiters were also firm at 211p, up 4, while old takeover favourite Fairline Boats revived strongly with a gain of 13 at 233p. Prodential-Bache recommendations for Jaguar and Lucas Industries encouraged better support to 547p, but Lucas could only hover either side of Friday's clos-ing price and ended at 481p.

Revived suggestions that Norton Opax could eventually fall prey to Mr Robert Maxwell stimulated good demand which brought a close of 7 higher at 123p, after 128p. McCorquedate rose 10 to 280p in sympathy. Other features in the Paper/Printing section included DRG, 7 up at 311p. and

**LONDON TRADED OPTIONS** 

**NEW HIGHS AND LOWS FOR 1986/87** NEW HIGHS (170) British Funds (3), Banks (4), Buildings (10), Chemicals (4), Stores (6), Electricals (6), Engineering (6), Fands (7), Industrials (22), Insurance (3), Leisura (7), Motors (1), Newspapers (2), Paper (2), Property (7), Textiles (6), Trusts (59), Oils (4), Overseas Traders (1), Mines (8). NEW LUWS (15)
Buildings (1) Henderson Gp., Stores (1)
Share Drug, Electricals (2) Datron Intl.,
Foods (1) Cranswick Mill, Industrials
(2) Dominion Intl., Sonartec, Insurance
(1) Alexander & Alexander, Paper (1)
Fitch & Co., Olis (2) Olifield Inspection
Services:

255p on comment in the Financial Times. Press mention was also responsible for firmness in Valin Pollen, 5 dearer at 170p. Inter-national issue Szatchi and Szatchi benefited from institutional sup-port and closed 20 higher at 730p. Suggestions that base rates to stimulate Properties which drifted lower in the absence of any worthwhile buying interest. erson A were particularly dull at 450p, down 15. Elsewhere, Property and Reversionary dipped 20 to 248p as its offer for Lynton went unconditional with 53 per cent acceptances. Standard Securities a good market of late on speculative buying, came back 10 but Southend Stadium

gained 13 to 295p on property evelopment hopes.
Views that the group now had Views that the group now had considerable upside potential triggered a revival in British and Commonwealth, finally 15 higher at 386p. Associate Caledonia Investments gained 8 to 286p and Exce. now a subsidiary of B & C. improved 5 to 274p following news of the board reshuffle, Horace Clarkson attracted further buying interest in the wake of fresh newspaper mention and settled 3 dearer at 116p.

dearer at 116p.

Institutional activity led to a Metana 37 up at 375p, Sons of Gwabusier session in Courtaulds his 25 to the good at 403p, and North which, after a turnover of 1.Im shares, were 6 dearer at 312p.

South African mining markets

South African mining markets Tomkinsons continued to be took last Friday's substantial gains bought and in a narrow market a stage further. The firmer overrose 10 more to 248p, while British Mohair recovered 5 at 142p. Munton Bres were again the outstanding performer among lesser-priced stocks, gaining 3 further to 27p, but Early's of Witney ran into a bout of profit-taking after the ent sustained strength and settled 12 down a 166p.

Still weighed down by thoughts of a possible cigarette price war, BAT Industries shed 3 more to 457p.

Bid speculation gripped Finan-

cial Trusts following the Mercan-tile House news. MAI were a prime target and on a flurry of buying rose 24 to 456p, while International City advanced 19 to 215p and Louden Merchant Securities 4 more to 71p. Earlier in the day, Haw Par had risen 10 to 100p on Far Eastern influences. Investment Trusts were notable for Scottish, up 13 at 423p on the free issue of a Warrant for every five

trust's centenary later this year. The oil majors took their cue from the trend in crude spot prices. A shade firmer initially, the latter slipped back late in the session to close easier on the day. Britoil attracted fresh demand and touched 172½p at one stage before closing unchanged at 170p. LASMO retained a gain of 2½ at 163½. Tricentrel were boosted by sugges-tions of a possible bid from British Gas and gained 5 to 72p, while Triton Europe rose 12 to 150p following press comment highlight responsible for a gain of 9 to 34p in New London Oil.

Fears of a new confrontation in

Cyprus unsettled Polly Peck and the shares gave up Friday's late recovery to end a net 4 down

Fresh gains for Golds Australians displayed a welter of noteworthy gains as operators in London responded afresh to another record showing by overnight Sydney and Melbourne mar-kets. As on Friday, attention "down-under" centred on industtions, made renewed progress with

a stage further. The firmer over-night tone from New York, although not reflected in a relatively subdued session in the

Cape—Johannesburg

markets re-opened in lacklustre mood after the extended New Year break—was picked up on the Cont-nent with dealers again reporting worthwhile interest from French

Consequently, heavyweight Golds displayed modest gains, a tendencywhich was reflected among the smaller-priced producers. The FT Gold Mines index rose

4.8 more to 308.9. Traded Options

Traded Option volume, although well short of the levels transacted before the festive break, still amounted to 28,494 contracts— 20,907 calls and 7,587 puts. Dealers reported a relatively lively business throughout the list, with curness throughout the list, das and rent favourites British Gas and British Telecom again well to the fore. The former attracted 4,000 calls and 867 puts, while British Telecom, still clearly unsettled by threats of industrial action, contributed 2,803 calls and 1,212 puts.

#### Traditional Options

First dealings

Jan 5 Jan 19 Feb 2 Last dealings Jan 16 Jan 30 Feb 13

Last declaration Apr 2 Apr 23 May 7

· For Settlement

Apr 13 May 5 May 18

Unit Trust Service
Stocks favoured for the call
included Fergabrook, Mitchell
Cotts, British Telecom, Amstrad. Resources. Consolidated Capital, Greenwich Resources, STC, Sun Oil, Tricentrol, North Raigurli, Morgan Grenfell. Ferranti, Hampson Industries, Gabicci, Fairline Boats, Fine Art Developments, Armour Trust and Robert H. Lowe. Puts were struck in Amstrad and British Benzol while double options were transacted in Munton Brothers. ssion in the Oliver Resources and Thames financial Mining.

TRADING VOLUME IN MAJOR STOCKS

Volume 000's

3,700 725 235 2,400 880 668 836 135 4,200 3,800 3,800 3,332 3,500 Rank Org ...... Reckitt & Col ..... 224 713 1,700 446 6,400 1,100 815 30 199 747 493 3,100 375 1,500 1,600 1,700 2,300 2,200 1,94 Dee Corp . Thorn EM1..... Trafalgar House Thouse Forte.... ian R.E. ... United Biscuits...

RISES AND FALLS YESTERDAY

573 1,080

**LONDON RECENT ISSUES** EQUITIES Closing Price 

**FIXED INTEREST STOCKS** 

tane Price	Arrestit. Paid	Latest Remand	198	6/87	Stock	Classes Price	+ or
£	up	Date	High	Low		3	-
\$1100 \$100 \$100 	F.P. F.P. F.P. E10 E50 F.P.	199 199 155	1011 <sub>2</sub> 110p 1021 <sub>2</sub> p 103p 50pm 113 <sub>4</sub> 491 <sub>2</sub> 2001 <sub>4</sub> 4ppm	41.5	Britis Commonwealth 77, W. Cu., Sah. Un. Ln. 2000 Gress Western Res. Ser. 'B' P.F. 50,00) Hanover Pince 64, % Cox. Com. Red. Prf. 61 Ind City Hidgs 59, % Cox. Com. Red. Prf. 61 Letture Ines. 7%. Com. Cox. Red. Prf. 61 Mid-Keat Water 84, % Red Prf. 1,997 Bid-Stages Water 11% Red Deb 2012-16 Nationwine II. 3%. Red. 21,7287 Scarro Hidgs. 73, % Cox. Cox. Red. Prf. 61	1011 <sub>2</sub> 110p 1011 <sub>2</sub> p 103p 4ppm 111 <sub>4</sub> 431 <sub>2</sub> 1001 <sub>2</sub> 4ppm	+12
'RIGI	HTS	" 01	FEF	SS.		-	
	Anne	Lásani	T				

issue Price	Ainquet Paid	Latest Renearc	196	<u>67</u>	Stock	Closing	+ or
	-	Date	High	L/OW		Price p	-
60 335 143 100 65 14 5 66 11 <sub>2</sub> 10 —	MI MI MI NA NA NA NI MI MI WI NI NI NI NI NI NI NI NI NI NI NI NI NI	3071, 2072 3071, 11372 1092, 2072 -672 1073	61gpm 36pm 29pm 171gpm 12pm 14pm 9pm 14pm 211gpm 11pm 38pm	22pm 12pm 13pm 10pm 41 <sub>2</sub> pm 14pm 5pm 1 <sub>2</sub> pm 10 <sup>3</sup> pm 7pm	eAssesso 1p Area Rabber £1 Birmtingham Mint 6Fresbake Foods 5p Maring Ind 10s Maring Ind 10s Masses Bacs 10p 4New Court Natural Res. Pariodale Mints, 10p, 5Praperty Trust 10p United Guirantee Unitycopy Trust Warrants Whitecroft	61 <sub>20</sub> m 330m 29pm 17pm 11pm 10pm 11pm 5pm 5pm 211 <sub>20</sub> m 9pm 38pm	+3 -1 <sub>2</sub> +2 <sub>2</sub> +4 +4 +2

# These Indices are the joint compilation of the Financial Times.

FT-ACTUARIES INDICES

	EQUITY & SUB-SI		-		Mon	day Ja	anuary 5 1987				Fri Jan 2	Wed Dec 31	Tues Dec 30	Year ago (approx.)
F	Figures in parentheses show number of stocks per section				x Day Chan	Est Earni S Yiek ge (Ma	105 %	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Het)	xd adj. 1987 to date	index No.	Index No.	Index No.	index - No.
<u> </u>	CAPITAL GOOD			701.				3.72	14.20	0.00	699.28		694.97	590.07
2	Building Material Contracting, Cons	5 (27)	201	860.1 1191.			82   91	3.57 3.90	14.27 17.38	0.00	864.46 1186.84		863.27 1181.53	641.50 942.50
4	Electricals (12)	HI-DECKON V	£7/	1794			40	4.70	15.28	0.00		1772.22		
Š	Electronics (38).			1568.			19	2.63	14.44	0.00	1561.29	1543,77	1541.16	1478.65
6	Mechanical Engli			395. 358.	84 +0.2 77 -0.3		99	4.18 4.14	12.74	0.00				332.51
8 9	Metals and Metal Motors (15)	romung	1//	356. 274.				3.83	11.92	0.00			354.43 269.70	247.93 217.61
10	Other Industrial R	daterials	(21)	1186	B2 +0.6	7.		4.63	15.91	0.00		1179.57	1179.52	
21	CONSUMER GR	DUP• (1)	B4)	955.			56	3.29	16.78	0.00			949.50	773.A1
22	Brewers and Disti			_   939 <i>1</i> _   740.			15   15	3.69 3.80	13.87	0.00	947.17 743.18		937.65 734.82	802.20
25 26	Food Manufacture Food Retailing (1			1883.			i .	2.84	19.86	0.00	1882.69			575.03 1781.6 <del>9</del>
27	Health and House	hold Pro	lucts (10)				76	2.30	20.12	0.90	1645,70	1649.31	1648.15	1223,40
29	Leisure (29)			993.			55	4.08	17.32	0.00	992_99	986.35		770.24
31	Packaging & Pap			497. 2751.			88   96	3.36 4.14	18.83 18.21	0.00	493,40 2732,39		492.53 2731.97	375.43 1900.46
32 34	Publishing & Prin Stores (37)	EING (14)		2/31.3   843.1				3.18	17.99	0.00			833.67	763.04
35	Textilese (17)			550.6	4 +1.3	9.	58 j	3.73	12.01	0.00	543.52	541.39	543.89	390.07
40	OTHER GROUPS	i (88)		_ 8154			38	4.07	13.25	0.00	818.16			721.63
41 42	Agencies (17) Chemicals (21)			1126. 1011.				1.95 4.33	26.12 13.91	0.00		1214,07 1008.90	0.00 1012.20	0.00 748.75
43	Conglomerates (3	3}		_ 1115				3.91	1532	. 0.00	1312.14	1114.07	0.00	0.08
45	Shipping and Trai	nsport (1)		1578.	54 +0.7	7 7.	74	4.77	16.07	0.00	1567,77	1570.92	1570.58	1365.80
47	Telephone Netwo	ırks (2)		837.				4.60 3.76	12.20 10.36	0.00	853.93		847.64	893.72
48	Miscellaneous (2	4)	1997	1101 862.		1 707		3.61	15.01	9.00		1114.07 860.46		893.60, 720.18,
49 51	INDUSTRIAL GI Oil & Gas (18)			1505.		111		6.02	11.17	0.00		1511.37		1136.73
勞	500 SHARE IND	EXe (50)	))				<u> </u>	3.96	14.29	0.00	916.54		913.18	755.60
麻	FINANCIAL GR			620.			-	4.60		0.00			612.07	530.39
62	Banks (8)		,	691.4	13 -0.3	18.	8	531	7.52	0.66		691.19	682.66	538.97
65	Insurance (Life)			875. 461.			• ]	4.43 4.70	-	0.00	874,44 458,29	1163.40 456.52	864.94 453.70	820.52 418.76
66 67	Insurance (Compi			461   1147			12	4,62	15.62	0.00	1138.69		1119.12	1202.40
68	Merchant Banks			350.9	* +1.4	·	. 1	4.15		0.00	346.05	345.85	347.00	287.69
69	Property (48)			805.4				3.65 4.09	21.52 14.33	0.00	809.91	806.70	806.99	685.29
70	Other Financial (			380. <sup>1</sup>			-	2.62	14.33	0.00	365.01 867.57	365.06 870.05	364.48 869.61	297.59, 656.81
71 81	Investment Trusts Mining Figance (2)			8/62/   342.			13	4.69	12.88	9.00	341.86		339.54	243.20
91	Overseas Traders			779.				5.82	11,80	0.00	778.26	782.20	776.31	608.51,
99	ALL-SHARE IN	EX+(73	<u>9}</u>	837.	72 +0.2	<u> </u>	<u>.                                    </u>	4.03		0.00	836.40	841.83	832.80	689.86
				Inde				Day's	Jan	Dec	Dec	Dec	Dec	Year
_		e ind		No.				LOW	1697 1	31	30	29 1671.6	24 1665.1	ago
_	FT-SE 100 SHAI	1680	101 -17	11003	1 11	8/6.0	TOOLL	1077.0	10121	197179	1902.1	IAZALI		
	FIX			AVER REDE	AGE GR	VIETOS AIETOS	•	Mon Jan 5	EH Jan 2	Year ago (apprat.)				
		] ,,		<u> </u>	1		Ι-	Beltie	th Govern	unent				
	PRICE INDICES	Mon Jan	Day's champe	Fri Jan	म्ब्यून्याः स्व	zd 26j. 1987	וו	Low		5 years		9.68	9.70	9.74
	INUILE3	3	%	2	ومست	to date	2 3			5 years 5 years		9.93 9.93	9.92 9.92	10.33 10.33
_	British Government	<del>                                     </del>	_=	<del></del> -			4		n :	years		10.57	10.58	11.43
1		119.99	+0.04	120.10	0.76	0.16	5		n 1	years		10.25	10.22	10.77
_	5 years	133.84		133.88	0.08	0.08	9	High		5 years		10.04 10.66	9.99 10.66	10.42
3	Over 15 years	140.41		141.01		0.00	lá			5 years 5 years		10.41	10.39	11.53 18.94
-	•	153.59	+0.52		_ 1	0.00	ļģ	1	2	5 years		10.09	10.05	20.54
	irredeemables	131.A1	+4.52 -0.84		0.10	6.10	_10		emables	·	<u>†</u>	9.77	9.82	10.08
_ 5.	All stocks	Thirt	-4.04		- U-4U_	4,10	i	i Indez	-Lieked				1	1

0.10

0.00

133.94

112.55

+0.50

+0.44

113.04

6 5 years..

# WORLD STOCK MARKETS

	AUSTRIA	] GERMANY	I NORWAY	! AUSTRALIA (continued)	JAPAN (continued)	
	Jan. 5 Price + or Sch.	Jan. 5 Price + or Dm	J	Price + 67	434 . +9	CANADA
The second secon	Credit'nst'lt pp	AEG 386 + 2 Altianz Vers 2,850 - 29 EASF 2,850 - 29 EASF 32,80 - 20 EASF 32,80	Second   S	Pancentinentis 2.75 +0.8 Pigneer Conc. 3.05 Placer Pacific 2.42 +0.8 Poseidon 8.9 +0.10 Rockitt Colman 5.74 +0.8 Smith Howard 5.04 +0.8 Thos. Natwide 4.18 +0.8 Tooth 5.04 +0.8 Westarn Mining 5.74 +0.8 Westarn Mining 5.74 +0.8 Woodside Patrol 5.74 +0.8 Woodside Patrol 1.52 Woodside Patrol 1.52 Woodside Patrol 6.1 Woodside Patrol 7.50 +0.8 Woodside 7.50 +0.	MRSU Co.   555   -5	TORONTO  Closing prices Jamuary 5  200 Cannet A 7 5 55 55 55 55 55 55 55 55 55 55 55 55
Œ.	KOP 44.05 -0.25 Kone 187.5 Finnish Sugar 96.5 +0.5 Nokia 135.5 -1.5 Pohjola 'B' 75.10 +0.5 Rauma Repole 19	Pirelli Spa	Bank Let	JAPAN Jan. 5 Price + or	Yamazaki	1855 Carl OK \$15% 13% 15%   6280 Indel \$13% 15% 15% 15% 1060 Provigo \$17% 17½ 17½ 1%   Total Sales 5.122,656 shares
	Stockmann   St.   157.6   -0.8	Jan. 5	Fischer (Geol.   1,630   +60     Moff.Roche Phots   12,475   +200     Moff.Roche Phots   9,100   +75     Jacobs Suchard   9,225   +50     Mestle   9,225   +50     Mestle   9,225   +50     Sandoz (Brh   1,000   +60     Sandoz (Brh   1,000   +50     Sandoz (Brh   1,200   +55     Sandoz (Brh   1,200   +55     Savissalir   1,200   +50     Savissalir   1,200   +50     Savissalir   1,200   +50     Savissalir   1,200   +55     Savissalir   1,200   +50     Savissalir   1,200   +50	Fijiksi — 1,050 — 40 Fijiksi — 29 Green Cross — 2,380 — 80 Hitachi — 1,080 — 80 Hitachi — 1,080 — 80 Hitachi — 1,660 — 90 Hitachi — 1,460 — 50 Hitachi — 1,400 — 1,400 Hitachi — 1,400 — 1,400 Hitachi — 1,400 — 1,400 Hitachi — 1,600 — 1,400 Kapima — 1,600 — 1,000 Kapima — 1,600 — 1,000 Kapima — 1,600 — 1,000 Kapima — 1,650 — 1,000 Kapima — 1,000 — 1,00	Jan, 5 Price + or 8	Part   Part
	OVER-THE-	COUNTER 1	Nasdaq national market, cl	iosing prices	·	NYSE-Consolidated 1500 Actives  Stacks Traded Price on Day Traded Price on Day 1,281,380 48% + 3/6 SwitzsBankCpn (51/12/58) 596-7 (a) (b) 568.0 825.5 (8/1/61) 497.2 (4/8)
	Stock Sales Migh Low Last	Chang Stack Sales High (Hode)	Low Last Chang Stack Sc	oles High Love Date Ching   Suck ands)	Solas High Low Last Clarg (Hoda)	See Call1.948,699 34% + 1/6 See Sec 1.243,200 42% - 1/4 WORLD
AR 85%	yanfa 39 437 22 214 22 S S SCI Sy 17 246 18% 174 18 SH. Sye 855 1134 114 124 SKFA81.199 32 509 504 504 SPIPh 08 145 30% 29 30	+ 12 Sovram 1.35 9 1573 35 15 15 15 15 15 15 15 15 15 15 15 15 15	75, 77, 79, 7 1 Timeck 34 341, 4 5, 1763tar 1293 17 174, 7 1, 75, 7 1, 11635y 10 10 10 10 10 10 10 10 10 10 10 10 10 1	84 174 174 174 174 174 174 174 174 174 17	13 193 2112 2014 2114 +1 131 201 7134 134 134 134 44 294 69 65 652+ 41 40 414 412 44 154 284 272 284 +14 170 182 504 505 505 W W 32a 22 223 4344 334 344 4	1986   1986
999	Sairchi, 3.139 1106 334 315 325 325 325 325 325 325 325 325 325 32	5 + 75 Salvesty 25 12 178 2112	127g 1314 + 1g 2014 21 + 11g 2134 224 + 224 234 + 224 2354 4072 177L 1524 33 + 12 774 714 - 12 1872 1872 1872 1872 1872 1872 1872 1	PIS 208 2394 24  155 18 15 18 + 14  155 18 15 18 + 14  150 18 19 10 + 119  160 18 18 18 1 4  160 18 18 18 1 9  170 18 18 18 1 9  170 18 18 18 1 9  170 18 18 18 1 9  170 18 18 18 1 9  170 18 18 18 1 9  170 18 18 18 1 9  170 18 18 18 1 9  170 18 18 18 1 9  170 18 18 18 1 9  170 18 18 18 1 9  170 18 18 18 1 9  170 18 18 18 1 9  170 18 18 18 1 9  170 18 18 18 1 9  180 18 18 18 1 9  180 18 18 18 1 9  180 180 180 180 180 180 180 180 180 180	.40 15 85 20% 20 20% 2 20% 4 4, 134 14 85 20% 20% 20% 20% 20% 20% 20% 20% 20% 20%	LONDON (In pence unless otherwise indicated)  For an increasing number of decision-makers world-

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Stock	Sales (Heds)	Might Low	Last Che	Stock	Sales (Hode)	High Lo	w last	Chag	Stock	Sales (Hads)	High	Low L	74 (pel	Seck	Salas (Hada		l,ow	Lest Cho
Continu	ed fro	m Pag	e 33	Soutrat .68 Sovrgn .10	11 298 113 1476 9 1579	24½ 24 8 75 35 34	a 77	4 + 14 8 + 14 4 + 14	TrnMus Trnwck TriSter			214 174 83	214 - 12 174 9 + 14	Vicorp J	23 487	714 1834	101 <sub>2</sub> 177 <sub>8</sub>	17 183 <sub>4</sub> +
ouses .60 yanfa	111 363 3 39 437 2	212 3112 2 2114	324 + 1 22 + 1	Sovran 1.36 Specdys SpecCti .07	22 238 17 164	18 17 10 9	17	+ 1	TriadSy Trimed		101 <sub>4</sub>	91 <sub>2</sub> 125	10 + 14 127a + 18	Viking Vipoet Viratios	13 193 131 301 294	2112 713 <sub>1</sub> 69	2014 113 <sub>8</sub> 86	2114 +1 1134 + 6812 +1
CI Sy	S 17 248	S 174	18 +	SterSur StefBid 20	64 102 102	7% 7 10% 10	¯ 10	5 + 16 '	Trus lo .48 Tartop 1.28	10 178	29 29%	28 <sup>1</sup> 4 29	2812 - 14 29 - 14	Vodevi Voltini	40 154	43 <sub>4</sub> 263 <sub>4</sub>	41 <sub>2</sub> 271 <sub>2</sub>	494 2834 + 1
EI HL Sva	24 1 855 u		124 +		13 32 594 957	36½ 35 11% 10 35¼ 36	117	+14	TuesMin 20Cnins 25 TycoTy	16 196 88 940	161 <sub>2</sub> 181 <sub>8</sub> 73 <sub>4</sub>	144 175 75	16 +1 185 + 5 73 + 16	Valvo 1,17		50%	50 <del>5</del>	5034
KFAB1.198 PIPh .06	145	19 <sub>8</sub> 504 305 29 334 325	505g + 3 307g + 1 337g +	5 S24S05 40	13 130 7.2667 95	3614 36 297 <sub>2</sub> 25 1314 127	28	+1	Tysons D4			2718	2712 + 3	₩D 40 1.52		3414		3414 + 3
Setothi 3.138 Setecds 24 Seteco 1.70	32 1878 us	331 321 <sub>2</sub> 131 311 <sub>3</sub> 25 531 <sub>4</sub>	331s +2 55 +1	Steriot .76 Stretus	12 178	2112 20 2412 21	ų 21 1, 241	+11 <sub>4</sub> 4+23 <sub>4</sub>	USLIC .BO	10 715 15 4155	2418 15	234. 15	24 16 + 4	Walbro .4 WahE 1.5 WFSL 1.0	4 14 85	201 <sub>2</sub> 201 <sub>4</sub>	20°4 28°4 35	201 <sub>2</sub> + 201 <sub>4</sub> +
Single 1.70 Single 1.50	15 615	163 1514 1214 41	16% + 42 +1	Strykor	14 141 24 84	40°2 38 33 32	آھ. 33	+ 19	Ungma	843	103 <sub>4</sub> 165a	97 <sub>7</sub> 15%	104s + 14s	WFSL 1.0 WMSBs .4 WatrIGL16	7 708	364 244 173	294 <sub>9</sub>	36% +1 24% + 17%
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# NYSE COMPOSITE CLOSING PRICES

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WORLD ECONOMIC INDICATORS every Monday-Only in the Financial Times

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Continued on Page 33

# **FINANCIAL TIMES** WORLD STOCK MARKETS

WALL STREET

# Santa finally delivers the goods

INVESTORS continued their celebration of the new year yesterday by pro-pelling Wall Street stock prices to record levels in heavy trading, writes Roderick Oram in New York.

Encouragement was given by credit markets where bond prices rose about two-thirds of a point on light volume amid hopes of lower interest rates.

The Dow Jones Industrial set a record closing at 1,971.32. The gain of 44.01 points also broke the record for the biggest points rise in a day set in November, 1982. The broad market followed the lead of the blue chips with the S & P 500 jumping 5.74 points to 252.19 and the New York Stock Exchange composite in-

dex gaining 3.38 points to 144.39. Volume accelerated to 181.85m shares with rising issues outpacing those de-clining by a margin of 10-to-one.

Among the blue chips, IBM was up \$1% to \$123%, AT & T was ahead \$% to \$25%, General Electric advancing \$2% to \$90%, McDonald's rose \$2% to \$64% and Eastman Kodak gained \$2 to \$71%.

The market's strong follow through from Friday's surge ensured a Santa Claus rally, an upturn which occurs at

240

220

**NEW YORK** 

**DJ** Industrials

Standard & Poors 500

1983

1,971.32 1,927.31 1,549.20

Jan 5 Previous

STOCK BLARKET INDICES

the end of most years. On average the railies have brought gains of 1.84 per cent during the last five trading days of the old year and the first two of the new. In the last two sessions, the NYSE has gained about 4 points, more than compensating for losses over Christmas.

Some analysts cautioned, however, that robust share buying was partly a reaction to the heavy tax-related selling before year-end. Moreover, a lot of yesterday's upturn was attributed to buy programmes triggered when stock index futures rose to a large premium over the

underlying shares.
Toys "R" Us, a leading retailer, jumped \$2% to \$31% after reporting a 27 per cent rise in sales over the eight-week Christmas season. Adjusting for new stores, sales increased 12 per cent. Retail stocks have slipped recently on

investor concern that the late sales spurt was too little, too late to produce a good Christmas period. Ŷesterday brought some recovery in share prices with Sears, Roebuck rising \$1 to \$42, J. C. Penney gaining \$2½ to \$75% and Wal-Mart advancing \$1% to \$47%.

Federated Department Stores was up

Bank stocks generally were strong yesterday as falling interest rates eased the debt service burden of their harderressed clients. J. P. Morgan rose \$3¼ to \$87%. Chase Manhattan was up \$1% to \$37%. Manufacturers Hanover advanced \$1% to \$47%. Citicorp rose \$1% to \$53%. Security Pacific added \$% to \$35% and First Chicago gained \$1% to \$30%.

The drugs sector performed well yesterday with Merck gaining \$2% to \$128%.

FT-Ordinary Share Ind

STERLING

CURRENCES

US DOLLAR

Jan 5

KEY MARKET MONITORS

SmithKline Beckman advancing \$% to \$97, Squibb up \$1% to \$117% and Pfizer ahead \$1% to \$63%.

Walt Disney gained \$2% to \$47% following favourable comments from a Merrill Lynch analyst. Mr Hal Vogel believes that better attendance at the company's theme parks will lift first quarter

The atmosphere in the credit markets was bullish as the conviction increased that interest rates were heading down. Some favourable economic news was found in the Purchasing Managers' com-posite index even though its overall message of a pick up in prices was unwel-

The Administration's delivery of its fiscal 1987 budget to Congress had no impact on markets. The proposals will be heavily altered by congressional ac-tion so the final effect on the economy cannot be judged for some time.

Trading was light, particularly at the long end, and prompted in part by covering of short positions. The price of the 7.50 per cent benchmark Treasury long bond rose 11/1s of a point to 10111/12 at which it yielded 7.34 per cent.

Short term interest rates remained firm, however, partly because the Fed funds rate was still on the strong side. Although it has come down from extrem levels brought on last week by year-end financing operations of banks, it is likely to remain at the top end of the 6 per cent range for a while yet until the seasonal influences are fully worked out.

The Federal Reserve supplied liquidity with three-day system repurchases when the Fed funds rate stood at 61%s per cent. It eased later to 6% per cent.

LONDON

# Weak gilts undermine strong start

THE FIRST trading week of the New Year saw UK securities markets get off to an uncertain start, with gilts giving up some of last week's gains and equi-ties failing to follow Wall Street's adv-

The FT Ordinary index added 2.6 at 1,322.80, while the more broadly based FT-SE 100 index showed a loss of 1.1 at

A confident statement by Mr Nigel Lawson, Chancellor of the Exchequer, on Britains's economic prospects met with a guarded response in the City of

Equities opened firmly, helped by Wall Street's strength on Friday and Mr Lawson's reiteration of the Government's wish to cut tax rates. However, the weakness in gilts underminded this mood and prices began to drift lower in sluggish trading, although the mood did brighten briefly when Wall Street opened with another sharp rise.

With the pound lower in the face of opinion polls showing the Government's lead to have narrowed government bonds slipped lower. Long-dated issues ended about 1½ lower in thin trading.

Oils made little response to the continued firmess in spot oil prices. Britoil held steady at 170p while British Petroleum added 2p at 726p.

Banks turned downwards as some analvsts took a bearish stance on profits outlook. Barclays eased after its subsidiary Barclays de Zoete Wedd put out a "sell" recommendation on its parent and fell 10p to 505p, while recent issue TSB eased 1p to 78%p.

Chief price changes, Page 31; Details, Page 30; Share information service, Page

### **SINGAPORE**

A LACK of buying orders combined with light selling to take Singapore lower in thin trading. The Straits Times industri-al index dropped 6.84 to 882.24. Several issues showed fairly moderate losses as some wary investors liquidated their holdings although most operators con-tinued to opt for the sidelines.

Apollo Hotel was the most active issue and closed 2 cents lower at 40 cents. DBS was steady at S\$9.05 while Malayan Banking lost 10 cents to S\$5.15. Genting fell 5 cents to S\$6.15.

Hotels, properties and commodities

**EUROPE** 

# A firm tone set despite mixed tempo

MOST EUROPEAN bourses began the first week of the new year on a firm note yesterday, in some cases encouraged by the rally on Wall Street and the dollar's recovery. Trading, however, remained quiet in a number of centres and the size of advances varied considerably.

Madrid reached yet another peak as the bourse general index advanced 4.94 from its record on Friday to 216.98. The strike by ground crew of the domestic airline Aviaco, which brought cancella-tions on the eve of today's Epiphany hol-iday, appeared to have little impact on

Strongest sectors were steels and con-structions, while utilities saw Iberduero up 5.2 to 169.2 per cent on nominal mar-

Telefonica gained 4.2 to 179.2 per cent, and among advancing banks Popular added 60 to 1,500 per cent and Central 30 to 1,000 per cent. Bilbao, however, was unchanged at 1,410 per cent.

Frankfurt finished steady to slightly higher on bargain-hunting following Friday's sharp losses. But the mood was fairly cautious in advance of the elections on January 24 and despite the lift from Wall Street, the firmer dollar and strong German bonds.

The Commerzbank index calculated at midsession, gained 19.1 to 2,035.5 after a strong start to trading.

In the electrial sector, Siemens gained DM 3.50 to DM 735, well off its early high of DM 747.50. The company is buying out most of the operating assets of Telecom Plus of the US.

Most major stocks advanced on average by DM 1 or DM 2, but stores group Asko gained DM 26 to DM 1,985 and electrical PKI was DM 20 higher at DM

Among mainly higher cars, Daimler and BMW both gained DM 6 to 1,220 exrights and DM 567 respectively. VW, however, eased 50 pfg to DM 418.50.

Bonds had an active session and closed firmer on foreign and domestic demand. Long-dated maturities gained about 30 pfennig. The Bundesbank sold DM 96.8m worth of paper after selling DM 21.1m on Friday.

Amsterdam was mixed with a slightly higher bias but the rally that some had expected following Wall Street's strength on Friday failed to materialise. The firmer opening in New York was nonetheless a positive factor.

Among firmer internationals, Royal Dutch added FI 1.60 to FI 209.40, Philips 70 cents to Fl 44.40 and Unilever Fl 3 to Fl 524. However, KLM dropped in a largely technical correction to its sharp post-Christmas rise, losing FI 1 to FI

Retail chain Ahold lost FI 1.30 to FI 112. The company's turnover fell in 1986 but it expects profits for the year to be

Zurich saw investors returning to buy strongly after a long Christmas and New Year holiday. Share prices closed higher across the board in active trading, buoyed by speculation that Wall Street would rise further.

Jacobs-Suchard, which plans to raise its share capital, gained SFr 75 to SFr 9,100. Nestlé advanced strongly, with a SFr 150 rise to SFr 9,925.

Chemicals showed little change on the day, but among engineering stocks Brown Boveri made a SFr 55 gain to SFr

sion as bargain-hunting set in after Friday's fall and sentiment was boosted by New York's rally and prospects that the rail strike might soon be over.

Trading in Paribas' non-voting preferred shares was suspended at Friday's close of FFR 864 a share in advance of the privatisation of the financial holding company later this month or early next. In the construction sector, Bouygues gained FFr 60 to FFr 1,245, while electronics saw Matra up FFr 158 at

Brussels was the exception in Europe, ending steady to lower in moderate and

### fairly dull trading. Market leader Petrofina pushed shares prices down as it lost BFr 200 to BFr 9,210 over reports of possible action against American Petrofina. At the start of trading it fell as low as Milan was higher but trading was still fairly thin. Strong banks included Commerciale, up L 400 at L 26,500, and Credi-

to Italiano, which rose L 60 to L 3,610. Montedison, which said 99.8 per cent

of the new shares offered in its subsidiary Iniziativa Meta had been subscribed, added L 30 to L 2,910.

Stockholm rose across the board in a short session before today's holiday for Epiphany. The Veckans Affarer allshare index gained 4.7 to 909.7.

Osio firmed on higher oil prices and new year optimism.

# **Support for** financials provides lift

THE SHARP SURGE in the yen caused share prices to open the year lower in Tokyo yesterday, but they rallied to a

higher close as securities house dealers actively bought financial issues, writes Shigeo Nishiwaki of Jiji Press.

Immediately after the opening, the Nikkei average of 225 select issues lost 86 points from the last session on December 27. But it recovered rapidly to finish the half-day session at 18,820.55,

Volume was sharply town from 255.07m shares traded on December 27, also a half-day session, to 207.52m shares. Advances outpaced declines by 436 to 331, with 179 issues unchanged

The yen's advance and a possible rise in crude oil prices dampened the market sentiment and investors sold in small lots at the outset. Securities house dealers then actively purchased city and trust banks towards the close to prevent the market indicator from closing the year's first trading day lower. It ended last year with a fall for the first time in 12 years. The buying helped push up the average, but failed to brighten investor sentiment significantly.

Among city banks, Sumitomo Bank advanced Y140 to Y2,560, Mitsubishi Bank Y160 to Y2,010 and Fuji Bank Y150 to Y2,019. Bank of Tokyo scored a daily limit gain of Y105 to Y1,040, while Indus-trial Bank of Japan and Sumitomo Trust & Banking closed Y100 and Y80 higher respectively at Y2,560 and Y2,790.

Among brokerages, Nomura Securities was a notable advance, up Y140 at

Some constructions were also sought tive measures to boost domestic de mand. Kajima was up Y40 at Y1,500, Ohbayashi Corp Y38 at Y949 and Toa Har-

bor Works Y30 at Y660. Dainippon Ink & Chemicals topped the active list with 22.21m shares changing hands, advancing Y51 to Y615, while Mitsubishi Metal gained Y42 to Y563 on the second heaviest trading of 11.78m shares. Market sources said investors sought these issues apparently to reap

immediate capital gains as there were no special factors to encourage buying.
Tokyo Electric Power, which opened easier, finished with a Y150 gain to Y8.050. Other utilities also rose, with Kansai Electric Power and Tokyo Gas

adding Y40 each to Y3.940 and Y1.160. On the other hand, the sharp appreciation of the yen triggered selling of blue chips. Issues expected to play a leading role in invigorating the market

this year declined. NEC lost Y60 to Y2.000. Matsushita Electric Industrial Y50 to Y2,020 and Hitachi Y30 to Y1,080. Toyota Motor took a Y120 fall to Y2.080. Biotechnologies were also cheaper on a wide front. Takeda Chemical dropped

Y30 to Y2,610 and Dainippon Pharmaceutical also Y30 to Y3,310. Only Banyu Pharmaceutical rose Y30 to Y1,190.

Bond trading was lacklustre despite the yen's advance and the firm under-tone of the US bond market. Institutional investors stayed on the sidelines and the only participants were bank and securities house dealers. The yield on the 5.1 per cent government bond maturing in June 1996 increased from 5.260 per cent on December 27 to 5.280 per cent.

## AUSTRALIA

1300

DEMAND for leading industrials, golds and resource issues sent Australia to a record, with most attention focussed on the media sector and the intervention of John Fairfax in the takeover battle for Herald and Weekly Times.

Australia All Ordinaries Jan 1,1980 - 500

The All Ordinaries index ended 16.2 higher at 1,503, breaking the psychological 1,500 barrier for the first time. The Fairfax bid for HWT associate

Queensland Press reinforced pressure on Mr Rupert Murdoch to improve his offer for HWT and pushed both issues to records. Queensland gained A\$3.00 to close at A\$20.20, 20 cents above the Fairfax offer price.

HWT rose 20 cents to A\$13.80. Advertiser Newspapers, another HWT associate, gained 55 cents to A\$5.30. Mr Murdoch's News Corp put on 10 cents at A519.00, while Fairfax held steady at

Bell Group, owned by Mr Robert Holmes à Court who is also bidding for HWT, rose 26 cents to A\$9.66. Its subsidiary, J. N. Taylor, put on 40 cents at

Elsewhere in industrials, Brambles gained 20 cents to A\$8.10, Bond Corp rained 9 cents to A\$2.68. Elders IXL rose 8 cents to A\$4.58.

Among banks, National Australia made the strongest gain, adding 8 cents to A\$5.80. ANZ dropped 4 cents to A\$5.70, as did Westpac, to A\$4.88.

#### **HONG KONG**

HEAVY DEMAND from local investors pushed Hong Kong higher and the Hang Seng index gained 12.34 to 2,552.40. Brokers said much of the day's demand focussed on newly-listed Bond Corp International, a subsidiary of Bond Corp of Australia, and the issue closed at the day's high of HK\$2.525, more than double its launch price of HK\$1.18.

Bond Corp International's assets comprise mainly Hong Kong apartments bought by Bond Corp in October for HK\$1.4bn and transferred to its subsid-

China Light held steady at HK\$20.99 HK Land by 25 cents to HK\$7.00 and Jardine Matheson gained 20 cents to HK\$22.30. HK Electric advanced 10 cents to HK\$12.90 and Sung Hung Kai Properties gained 10 cents to HK\$18.50

### **SOUTH AFRICA**

A FIRMER bullion price took golds higher in Johannesburg although trading was moderate in the absence of seli-

Vaal Reefs closed R20 higher at R397

- the issue traditionally indicates the market trend - while Harties rose R1.25 Among industrials Barlows picked up R1 to R20.50 while Rembrandt held

steady at R80.5. Chemicals group AE & CI at R14.50 was also unchanged CNA Gallo added 10 cents to R2.90 and South African breweries was steady at

Diamond share De Beers gained 10 cents to R35.75.

### **CANADA**

RALLIES IN golds, industrials and minings led Toronto upwards. Canadian Pacific gained C\$\% to trade at C\$18\% while Laidlaw held steady at C\$19%, as did Husky Oil at C\$11%.

Husky said its chairman Robert Blair had been named to the board of Hutchison Whampoa, a Hong Kong group that agreed to acquire, along with its Hong Kong Electric Holdings affiliate, a 43 per

cent stake in Huskry.

Among mines Alcan Aluminium gained C\$1½ at C\$40%.

British Gas was C\$% cheaper at C\$13.0 while Placer Development was C\$% bigher at C\$212

C\$% higher at C\$31%. Montreal was slightly higher.

### Japanese trusts re-emerge as strong market players ing the agricultural sector and funds worth Y100bn to Y300bn for large-scale The boom in investment trust funds is

ing as influential institutional investors in Japan's stockmarkets as deregulation and falling interest rates have spurred buying of trust funds by individual and corporate investors, writes Shigeo Nishiwaki of Jiji Press. Trust funds had Y20,310bn (\$125bn) in

net assets at the end of last January and the total increased at a staggering pace to Y30,170bn at the end of November, the first time it exceeded Y30,000bn. By contrast, it took until the end of April 1983, fully 32 years after trust fund sales were reopened in 1951, for net assets to exceed Y10,000bn.

Of the Y9,860bn increase between January and November, equity funds accounted for Y7,150bn and bond funds, including medium-term government bond funds, for only Y2,590bn. Higher rates of return on equity fund investments ranging from 10 to 20 per cent per annum have lured a growing number of inves-

een elsewhere. The net assets of mutual funds in the US rose 52 per cent in the first 10 months of 1986 to \$381bu, while unit trust funds in Britain grew 43 per cent to £29.1bn (\$42bn).

In Japan's case, the thrust has come from the record low domestic interest rates and the elimination of the ceiling on "spot" funds, which are often established in time to take advantage of occasions such as the bonus season.

Trust funds are traditionally viewed as instruments for individual investors. But since the beginning of this year industrial corporations and financial institutions have moved into the market, sharply expanding the net assets of investment trusts.

A succession of large-scale funds has been launched in response to the growing demand from corporate investors. Among them are a Y500bn fund for sale exclusively to financial institutions servSales of bond funds to corporations

thus amounted to Y1,400bn in the first 11 months of 1986 and those of equity funds to Y1,800bn, for a total of Y3,200bn,

The first boom in trust funds occurred in 1961 with their net assets climbing to Y1,400bn. The proportion of equities in trust funds was then a high 80-90 per cent and these equities accounted for as much as 10 per cent of the market capi-

The equities ratio in trust funds was so high that equity prices could easily surge when investment trusts bought equities, and vice versa. They thus faced a vicious circle in 1965 and thereafter when the economy slumped.

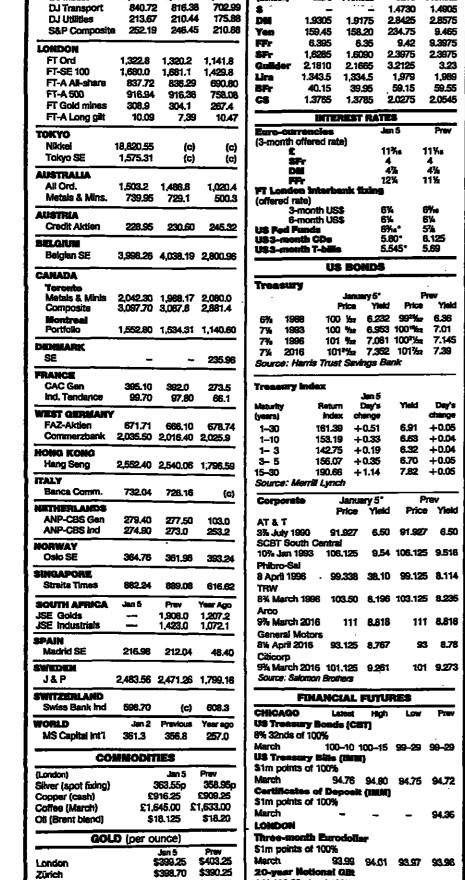
A fall in equity prices reduced the net asset value per share, leading to re-demptions prior to maturity. When investment trusts sold part of their equity holdings to meet these redemptions; equity prices could drop further, again low-ering the net asset value per share and leading to more early redemption. In view of this bitter experience, the

investment trusts are very cautious in managing trust funds in their second boom. Of the net assets of trust funds at the end of November, domestic equities made up Y5,800hn (19 per cent) of the to-tal, bonds Y16,000hn (53 per cent) and foreign securities Y3,800bn (13 per cent).

Equities and bonds held by investment trusts were no more than about 20 per cent each of the market totals. The Ministry of Finance eliminated

the ceiling on "spot" funds, but would be unhappy to see a fund worth Y300bn or more for fear or stiffer competition among investment trusts.

Following the heavy promotion of trust fund sales in December because of the bonus season, the net assets of investment trusts at the end of 1986 are expected to exceed Y32,000bn.



£50,000 32nds of 100%

113-20 114-20 113-16 115-03

\$399.38

\$404.00

Paris (fixing)

Luxembours

New York (Feb)